



Santa Rosa County Florida

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

SANTA ROSA COUNTY, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

**Donald C. Spencer
Clerk of the Circuit Court, County Court and Comptroller**

**Prepared By:
Clerk of the Circuit Court, County Court and Comptroller
Finance Department**

**Robert J. Miller
Assistant Finance Director**

Santa Rosa County, Florida
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Santa Rosa County Clerk of the Circuit Court and Comptroller
Santa Rosa County Property Appraiser
Santa Rosa County Sheriff
Santa Rosa County Supervisor of Elections
Santa Rosa County Tax Collector



INTRODUCTORY SECTION



DONALD C. SPENCER

CLERK OF THE CIRCUIT COURT & COMPTROLLER
SANTA ROSA COUNTY, FLORIDA

Clerk of the County Court & Comptroller
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

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Milton, Florida 32570
P O BOX 472
Milton, Florida 32572
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Fax: (850) 983-1986
www.santarosaclerk.com

March 28, 2019

To the Honorable Board of County Commissioners and the Citizens of Santa Rosa County:

State law requires that every general purpose local government publish, within forty-five days after the completion of the audit report but no later than nine months after the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Warren Averett, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on Santa Rosa County's financial statements for the year ended September 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Santa Rosa County, established in 1842 by an act of the Florida Legislature, is located on the Northwest Florida Gulf Coast. The County currently occupies 1,012 square miles and serves an estimated population of 174,887. Santa Rosa County is empowered to levy a property tax on both real and personal property located within its boundaries.

Santa Rosa County is a Non-Charter County established under the Constitution and the Laws of the State of Florida. Santa Rosa County includes the Board of County Commissioners, the Clerk of the Courts, the Property Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector.

The Board of County Commissioners serves as the legislative and policy setting body of Santa Rosa County as established under Section 125 of the Florida Statutes. As such, the Board enacts all legislation and authorizes programs and expenditures within the County. The Board appoints

a professionally trained County Administrator who is responsible for policy and budget development and implementation.

The Board is comprised of five members elected countywide. Each member must reside within the particular district for which seat he/she seeks election. Each year the Board organizes itself selecting a Chair and Vice-Chair from among its members to preside at Commission meetings.

The Clerk of Circuit Court performs a wide range of record keeping, information management and financial management in the judicial system and county government.

The Property Appraiser is primarily responsible for identifying, locating and valuing all property within the county for ad valorem tax purposes. He is also responsible for administering exemptions, mapping all parcels and classifying agricultural lands.

The Sheriff provides for the public safety of the citizens of Santa Rosa County through the enforcement of state criminal laws and county ordinances. Preventing and reducing crime and violence through departmental and community based programs.

The Supervisor of Elections administers the election of the elected officials within the county. She maintains the voter registration list, establishes polling places, and educates voters.

The Tax Collector collects and distributes taxes established by city, county, state and other local governments.

Santa Rosa County provides a full range of services including police and fire protection; the construction and maintenance of streets and other infrastructure; water and sewer service on Navarre Beach; solid waste disposal and recycling; the Peter Prince Airport; Industrial Park facilities and recreational and cultural activities.

Local Economy

Santa Rosa County has long been considered a “bedroom community” of the larger Pensacola metropolitan statistical area. Knowing that residential growth does not sustain a healthy tax base, the County has aggressively been promoting the area as a good place to bring new and expanding businesses. The County has an Industrial Park to provide attractive inducements to businesses willing to invest capital and hire employees at above average wages. A second industrial park, Whiting Aviation Park, near Whiting Field provides access to a 6,000 foot runway.

Santa Rosa County has experienced an estimated 17% growth in population over the past 9 years and the prospect for further growth is very good. The infrastructure to support that growth lags behind. To reduce that lag in infrastructure growth, the citizens of the County passed a local option sales tax which was implemented in the midway through the previous year and the benefits of this tax are showing promising progress into the future. The County is considering having the citizens of the County vote on another half cent in order to increase the upgrades to the extremely strained infrastructure.

Tourism, a significant industry for the County, has surged over the last couple of years. Tourism had suffered considerable damage from the destruction caused by hurricanes and the BP Oil Spill. The leisure and hospitality industry accounts for approximately 9% of the County's workforce.

Long-Term Financial Planning and Relevant Financial Policies

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 56% of total general fund revenues. This amount is favorable and would cover approximately 6.5 months' worth of expenditures and transfers out.

The County purchased 19 acres of land to construct the courthouse. The County has subsequently entered into a design build agreement to construct the courthouse and will pay for the cost to construct the courthouse through internal funds and through financing.

Major Initiatives

For the year, staff, following specific directives from the Board of County Commissioners and the County Administrator, was involved in a variety of projects throughout the year. These projects reflect the County's commitment to ensuring that its citizens are able to live and work in a desirable environment.

In the current year, approximately 50 miles of roads were paved or resurfaced and performed numerous maintenance on drainage systems.

Economic development secured \$8.5 million in funding from Triumph Gulf Coast, Inc. for the Whiting Aviation Park.

Defense Infrastructure Grant funds were expended to purchase an additional 119 acres of conservation easement rights to prevent encroachment around NAS Whiting Field and outlying fields.

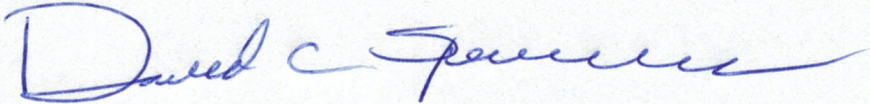
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Santa Rosa County, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

A comprehensive annual financial report of this nature could not have been prepared on a timely basis without the dedicated efforts of the Finance Department who worked many hours on this project. I would like to thank them for their invaluable assistance in the preparation of this report.

I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and dedicated support in planning and conducting the financial operations of the County in a responsible and progressive manner.

A handwritten signature in blue ink, reading "Donald C. Spencer". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Donald C. Spencer
Clerk of the Courts and Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Santa Rosa County
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

Santa Rosa County, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2018

Board of County Commissioners

Robert A. “Bob” Cole
Chairman
Sam Parker
Vice Chairman

W. D. ‘Don’ Salter
Lane Lynchard
Rob Williamson

Elected Constitutional Officers

Donald C. Spencer
Clerk of the Courts and Comptroller

Gregory S. Brown
Property Appraiser

Tappie Villane
Supervisor of Elections

Bob Johnson
Sheriff

Stan Colie Nichols
Tax Collector

County Management

Dan Schebler
County Administrator

Roy V. Andrews
County Attorney

Mark Murray
Assistant County Administrator

DeVann Cook
Director of Human Resources

Jayne Bell
Office of Management and Budget

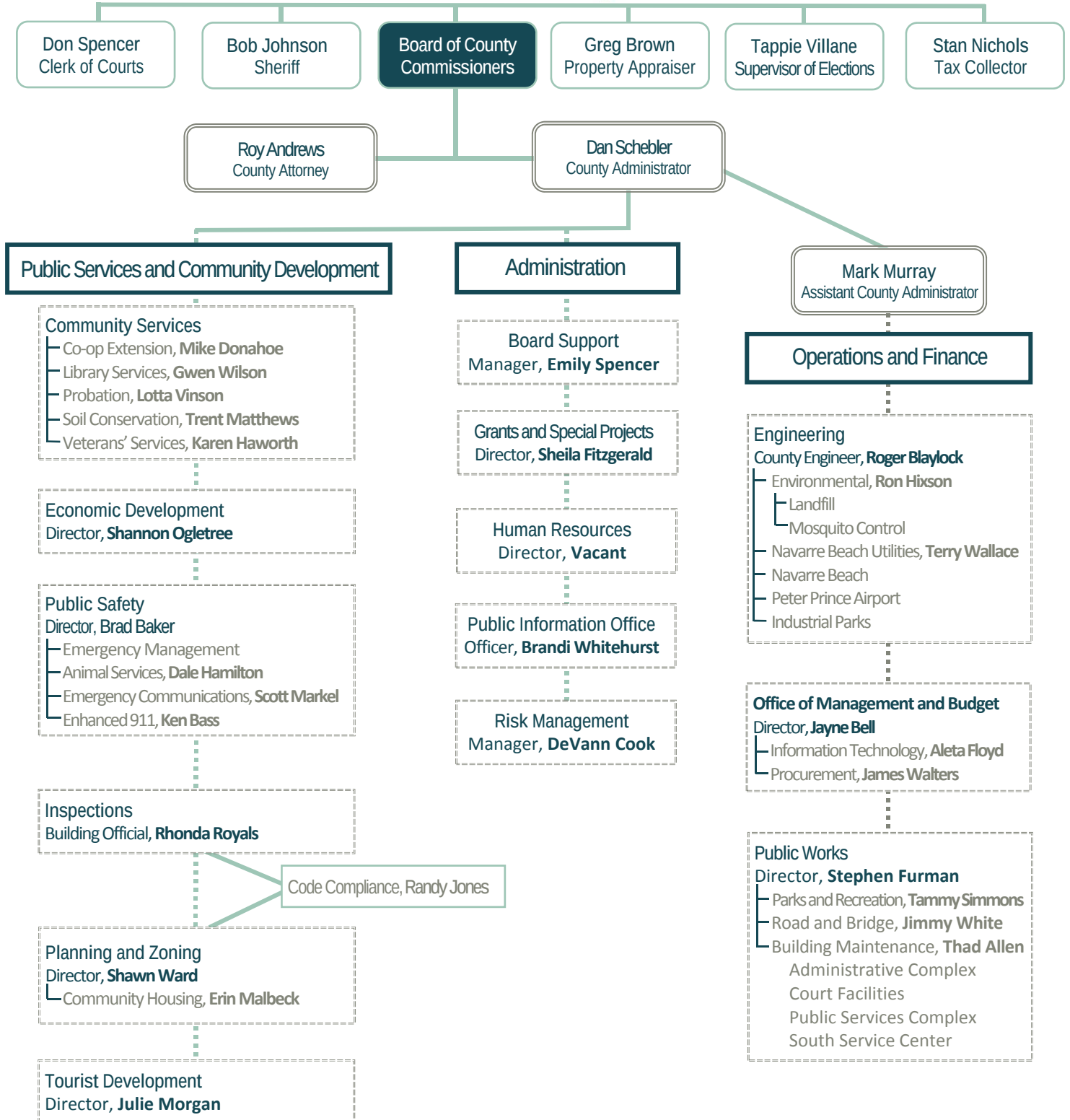
Stephen Furman
Director of Public Works

Roger Blaylock
County Engineer

Organizational Chart



Santa Rosa County Residents





FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, (the "County") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, road and bridge fund, and the local option sales tax fund, the schedules of proportionate share of the net pension liability, the schedules of the County's contributions, the schedules of changes in total liability and related ratios for other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining individual fund statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining individual fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Warren Averett, LLC

March 28, 2019
Pensacola, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Santa Rosa County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$192,295,966 (*net position*). Of this amount, \$13,764,370 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$5,504,014; governmental activities increased by \$8,609,573 and business-type activities decreased by \$3,105,559. The increase in total net position was primarily due to increases in revenues from the Local Option Sales Tax and increased property tax revenues due to increased property values while these increases were offset by the decrease in business-type activities, primarily the adjustment in the landfill closure and maintenance liability.
- At the close of the current fiscal year, the County governmental funds reported combined fund balances of \$82,021,810, an increase of \$4,963,306 in comparison with the prior year. Approximately 45% of this amount (\$37,024,589) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the governmental funds were \$64,793,476, or approximately 82% of total general fund expenditures.
- The County's total outstanding long-term notes decreased by \$861,192 during the current fiscal year due to normal debt service principal reductions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements consist of three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to the financial statements*. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements

The *Government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The business-type activities of the County include a water/sewer service, solid waste disposal, and hangar rentals.

The government-wide financial statements can be found on pages 26-28 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, and the local option sales tax fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts annual appropriated budgets for its governmental funds. Budgetary comparison schedules are provided as required supplementary information for the general fund and road and bridge fund.

The basic governmental fund financial statements can be found on pages 29-32 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water/sewer service, solid waste disposal, inspections, and hangar rentals.

Internal services funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the management of its retained risks and for its fleet of vehicles. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water/sewer services, solid waste disposal, and hangar rentals, of which the water/sewer services and solid waste disposal are considered to be major funds of the County. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains an Agency fund which reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 36 of this report.

Notes to the financial statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-74 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found starting on page 74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 85 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities plus deferred inflows by \$192.3 million as of September 30, 2018.

Santa Rosa County's Net Position

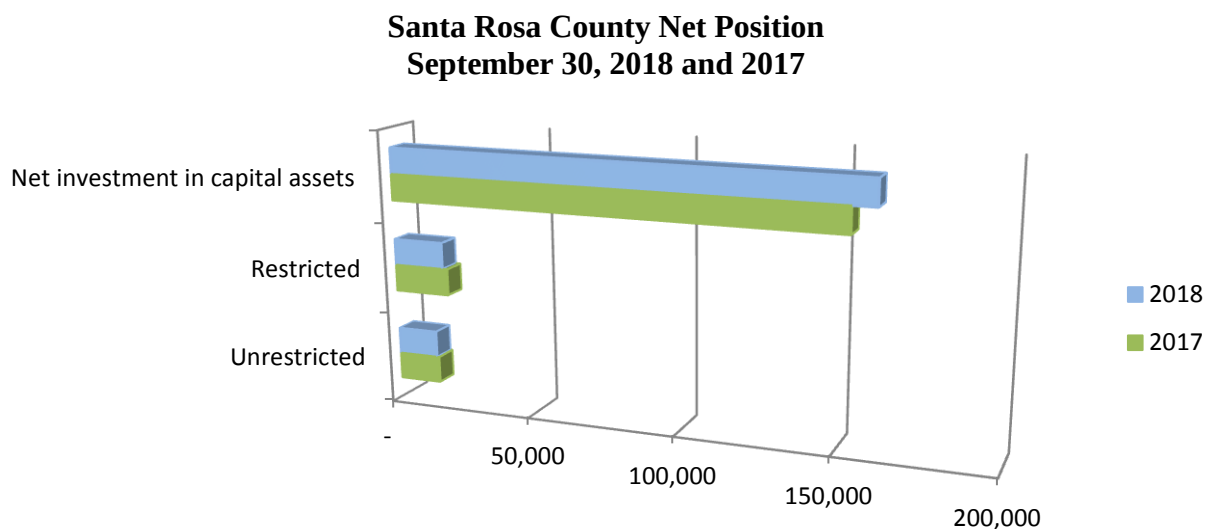
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 97,828	\$ 91,728	\$ 26,575	\$ 23,603	\$ 124,403	\$ 115,331
Capital assets	148,839	144,112	19,257	16,928	168,096	161,040
Total assets	246,667	235,840	45,832	40,531	292,499	276,371
Deferred outflows of resources	27,385	28,274	1,248	716	26,137	28,990
Long-term liabilities						
outstanding	88,832	90,891	21,737	13,750	110,569	104,641
Other liabilities	8,792	7,876	1,530	822	10,322	8,698
Total liabilities	97,624	98,767	23,267	14,572	120,891	113,339
Deferred inflow of resources	7,558	5,083	391	148	7,949	5,231
Net position						
Net investment in						
capital assets	143,546	138,455	17,650	14,826	161,196	153,281
Restricted	16,814	18,257	522	776	17,336	19,033
Unrestricted	8,510	3,552	5,250	10,925	13,760	14,477
Total net position	<u>\$ 168,870</u>	<u>\$ 160,264</u>	<u>\$ 23,422</u>	<u>\$ 26,527</u>	<u>\$ 192,292</u>	<u>\$ 186,791</u>

The largest portion of the County's net position (84%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens; consequently these assets are not available for future spending. Although the County's

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,764,370 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position.



However, the County's overall net position increased \$5,014,535 from operations and \$489,479 for a change in accounting principle the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

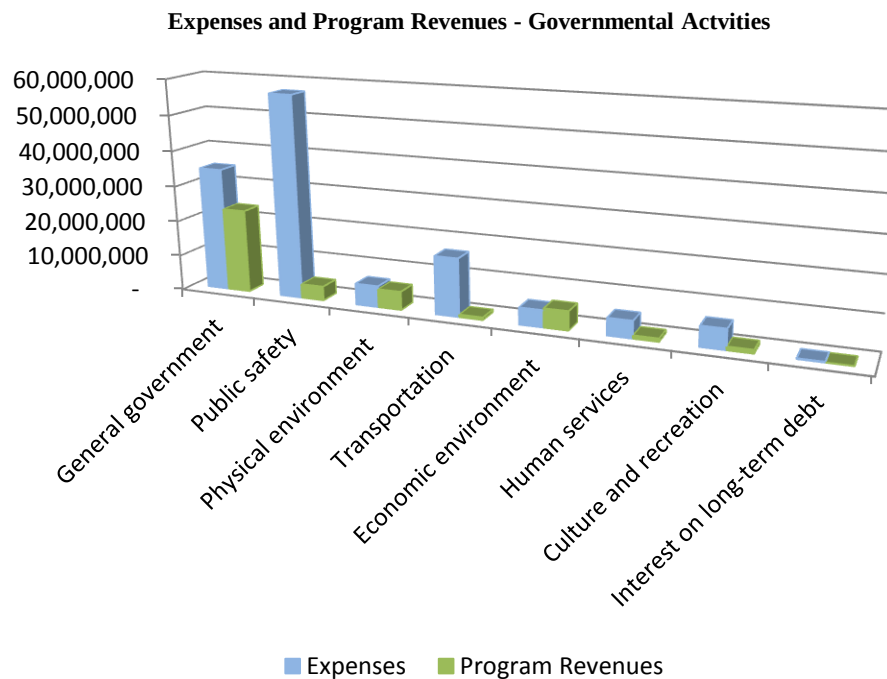
Governmental Activities

During the current fiscal year, net position for governmental activities increased \$8,145,592 from the prior fiscal year and after adjusting for a change in accounting principle of \$463,981, ending net position was \$168,874,288. This increase primarily relates to the Local Option Sales Tax Fund which had a full year of collections as compared to the previous year when it began mid-year, an increase in property tax revenue as a result of increased property values, and reimbursement of disaster funds. Expenditures remained fairly consistent with the prior year, increasing mainly due to employee salary increases.

Santa Rosa County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 30,424	\$ 33,625	\$ 15,019	\$ 11,964	\$ 45,443	\$ 45,589
Operating grants & contributions	5,829	3,682	--	--	5,829	3,682
Capital grants & contributions	4,137	820	34	1,080	4,171	1,900
General revenues						
Property tax	51,841	49,696	--	--	51,841	49,696
Sales, use and fuel tax	22,250	15,431	--	--	22,250	15,431
Communications services	1,247	1,179	--	--	1,247	1,179
Grants and contributions	15,716	15,655	--	--	15,716	15,655
Investment earnings	1,236	539	244	140	1,480	679
Other	2,498	8,989	104	131	2,602	9,120
Total revenues	135,178	129,616	15,401	13,315	150,579	142,931
Expenses:						
General government	34,667	37,737	--	--	34,667	37,737
Public safety	56,939	52,450	--	--	56,939	52,450
Physical environment	5,973	2,998	--	--	5,973	2,998
Transportation	16,294	18,935	--	--	16,294	18,935
Economic environment	4,720	4,199	--	--	4,720	4,199
Human services	4,758	5,058	--	--	4,758	5,058
Culture and recreation	5,603	4,936	--	--	5,603	4,936
Interest on long term debt	146	142	--	--	146	142
Water and sewer	--	--	2,263	2,189	2,263	2,189
Inspections	--	--	2,070	--	2,070	--
Airport	--	--	551	1,693	551	1,693
Landfill	--	--	11,584	4,696	11,584	4,696
Total expenses	129,100	126,455	16,468	8,578	145,568	135,033
Increase in net position before transfers	6,078	3,161	(1,067)	4,737	5,011	7,898
Transfers	2,063	516	(2,063)	(516)	--	--
Change in net position	8,141	3,677	(3,130)	4,221	5,011	7,898
Net position, beg. of year	160,264	156,587	26,527	22,306	186,791	178,893
Change in accounting principle	464	--	25	--	489	--
Net position, beg. of year (restated)	160,728	156,587	26,552	22,306	187,280	178,893
Net position, end of year	<u>\$ 168,869</u>	<u>\$ 160,264</u>	<u>\$ 23,422</u>	<u>\$ 26,527</u>	<u>\$ 192,291</u>	<u>\$ 186,791</u>

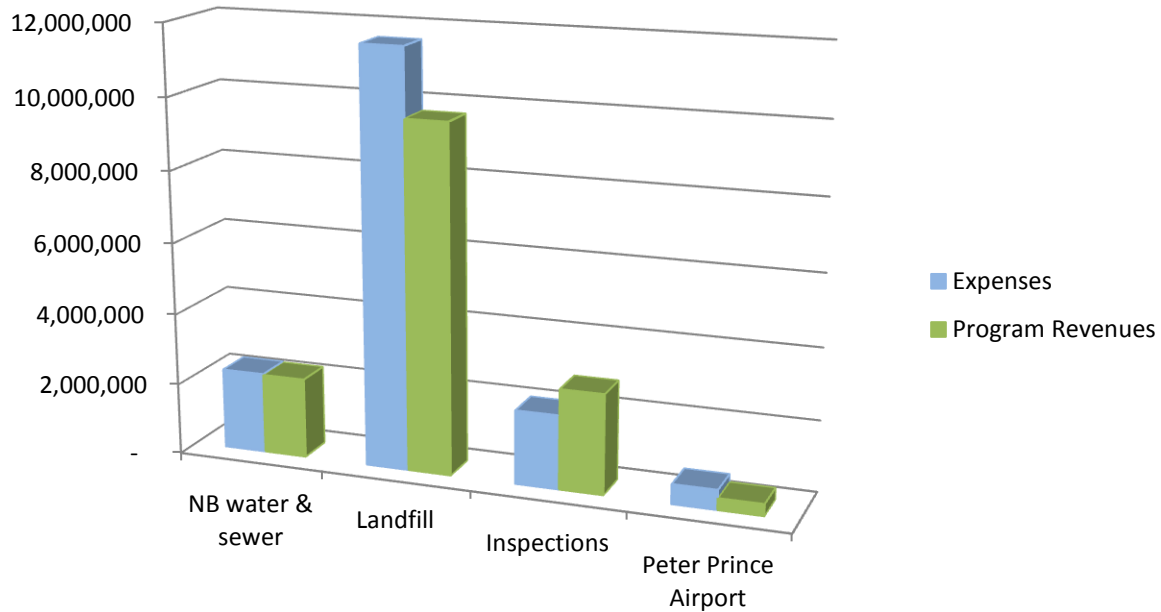
The following graph displays the Governmental Activities current program revenues and expenditures by function for fiscal year 2018.



Business-type Activities

During the current fiscal year, net position for business-type activities decreased \$3,131,057 from the prior fiscal year and after adjusting for a change in accounting principle of \$25,498, ending net position was \$23,421,678. The decrease is attributable to an adjustment in the landfill closure and maintenance liability for \$6,520,093 in the current year.

Expenses and Program Revenues - Business-Type Activities



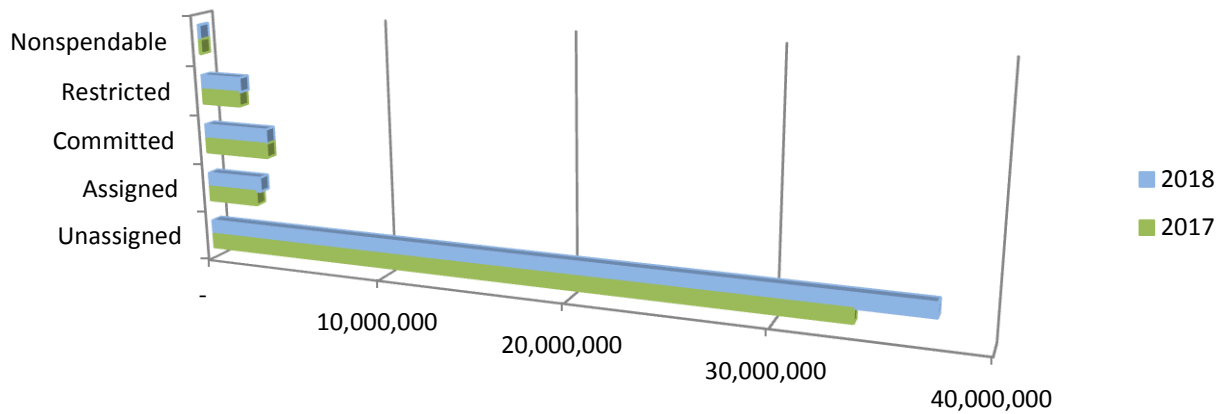
Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County.

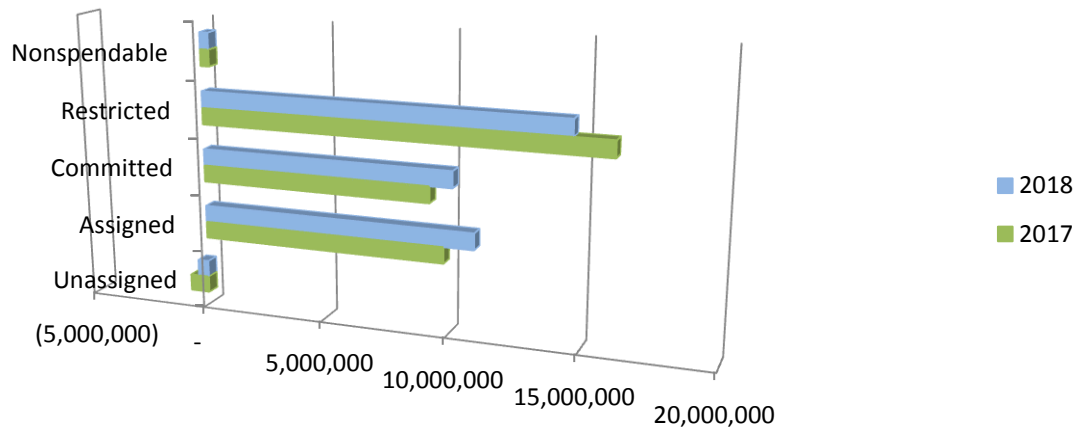
At September 30, 2018, the County's governmental funds reported combined fund balances of \$82,021,810, an increase of \$4,963,306 in comparison with the prior year. Approximately 45% of this amount (\$37,024,589 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that is is 1) not in spendable form (\$414,711), 2) restricted for particular purposes (\$16,813,623), 3) committed for particular purposes (\$13,726,897), or 4) assigned for particular purposes (\$14,041,990).

**General Fund
Components of Fund Balance
September 30, 2018 and 2017**



The General fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$37,463,097, while total fund balance increased to \$46,443,686. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 47 % of total general fund expenditures, while total fund balance represents approximately 59% of that same amount.

**Other Governmental Funds Components of Fund Balance
September 30, 2018 and 2017**



The fund balance of the County's general fund increased by \$4,083,735 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to an increase in property tax revenue of approximately \$2.3 million and reimbursement of approximately \$2.1 million in disaster funds.

The road and bridge fund, a major fund, had a \$1,311,848 increase in fund balance during the current fiscal year which put the overall fund balance at \$10,658,119. The fund reports an assigned fund balance of \$9,993,869, and accounts for fuel and other taxes designated for road improvements. During the year, fund

balance increased primarily due to the local options sales tax funds received for infrastructure improvements. Expenditures exceeded revenues by \$3,864,506 as expected which was covered by transfers from the electricity franchise fund and the local option sales tax Fund.

The local option sales tax fund, the remaining major governmental fund, had a \$1,072,462 decrease in fund balance during the current fiscal year which put the overall fund balance at \$2,986,486. The primary reason for the decrease in the fund was for the transfer to the road and bridge fund for infrastructure improvements during the current year.

Financial Analysis of Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Navarre Beach fund at the end of the year was \$1,886,967 and for the Landfill fund was \$3,262,546. The total change in net position for both funds was a decrease of \$77,533 and \$2,186,978, respectively. The decrease for the Navarre Beach fund resulted from an operating transfer to the general fund for administrative fees. As discussed in the business –type activities section, the decrease in the Landfill fund is attributable to an adjustment in the landfill closure and maintenance liability for \$6,520,093 in the current year. An expansion at the central landfill increased the remaining life and capacity of the landfill, therefore increasing the closure cost liability.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the General Fund's original expenditure budget was increased by \$8,365,123. There was also a need to make amendments to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. The largest amendments from the original budget related to general government for reserve contingencies and upgrades to the juvenile justice facility and transfers out to capital projects from elected official unspent revenues and transfers to the fire msbu for a rate study and new firetruck for Berrydale.

Final budget compared to actual results. The General Fund under spent the final budget by \$9,872,084 or 10.6%. The primary reasons actual expenditures were less than the final budget was primarily for funds budgeted for building maintenance equipment acquisitions which weren't expended and budgeting for reserve contingencies which increase fund balance.

Santa Rosa County's General Fund Budget to Actual

	Original Budget	Final Budget	Change in Budget	Actual	Actual Variance from Budget
General government	\$ 27,533,471	\$ 30,566,664	\$ 3,033,193	\$ 23,943,517	\$ (6,623,147)
Public safety	43,467,497	44,757,274	1,289,777	43,749,744	(1,007,530)
Physical environmen	2,533,559	2,758,540	224,981	1,526,479	(1,232,061)
Transportation	1,026,238	1,026,238	--	1,016,299	(9,939)
Economic environme	703,210	941,135	237,925	858,117	(83,018)
Human services	4,955,888	4,968,302	12,414	4,574,421	(393,881)
Culture and recreatio	3,370,335	4,221,717	851,382	3,699,209	(522,508)
Transfers out	1,039,500	3,754,951	2,715,451	3,754,951	--
	<u>\$ 84,629,698</u>	<u>\$ 92,994,821</u>	<u>\$ 8,365,123</u>	<u>\$ 83,122,737</u>	<u>\$ (9,872,084)</u>

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$168,095,114 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, and the water treatment facility. The total increase in capital assets for the current fiscal year was approximately 4.4%.

Capital Assets at Year-end
(Net of Depreciation, in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 21,393	\$ 19,819	\$ 1,306	\$ 1,191	\$ 22,699	\$ 21,010
Construction in progress	4,563	423	2,730	1,070	7,293	1,493
Buildings	14,412	16,612	1,663	1,791	16,075	18,403
Improvements other than building	86,986	88,516	12,454	11,807	99,440	100,323
Machinery, furniture and equip.	21,486	18,741	1,107	1,070	22,593	19,811
Totals	<u>\$ 148,840</u>	<u>\$ 144,111</u>	<u>\$ 19,260</u>	<u>\$ 16,929</u>	<u>\$ 168,100</u>	<u>\$ 161,040</u>

Major capital asset events during the current fiscal year included the following:

- Various projects related to streets, sidewalks and storm water drains at a cost of approximately \$5.1 million.
- New equipment for the Sheriff's office at a cost of \$3,574,536.
- I-10 industrial park roads and drainage improvements at a cost of \$1,246,416.

Additional information on the County's capital assets can be found in Note F on pages 52-53 of this report.

Long-term Debt. At the end of the current fiscal year, the County had total notes outstanding of \$6,898,156. Of this amount, \$4,760,939 is debt backed by various revenues of the County and \$2,137,217 is special assessment debt for which the County is liable in the event of default by the property owners subject to the assessment.

Outstanding Debt at Year-end
(in Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ 3,097	\$ 3,837	\$ -	\$ -	\$ 3,097	\$ 3,837
Notes payable	58	741	1,606	2,103	1,664	2,844
Special assessment notes	2,137	1,079	-	-	2,137	1,079
Totals	<u>\$ 5,292</u>	<u>\$ 5,657</u>	<u>\$ 1,606</u>	<u>\$ 2,103</u>	<u>\$ 6,898</u>	<u>\$ 7,760</u>

The County's total debt decreased by \$861,191, (11%) during the current fiscal year. The reason for the decrease was due to normal debt service principal reductions. The decrease was slightly lower than the previous year due to the acquisition of new special assessment notes.

Additional information on the County's long-term debt can be found in Note G on pages 53-58 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the County and were considered in developing the 2018-19 fiscal year budget.

- The taxable assessed property values increased 8.4%.
- Sales tax revenues are expected to generate approximately \$8.4 million.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 6495 Caroline Street, Suite B, Milton, FL 32570.

BASIC FINANCIAL STATEMENTS

Santa Rosa County, Florida

STATEMENT OF NET POSITION

September 30, 2018

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 84,599,313	\$ 14,939,140	\$ 99,538,453
Investments	1,369,607	10,082,887	11,452,494
Receivables, net	11,444,411	1,553,100	12,997,511
Inventory	414,711	--	414,711
Capital assets, net			
Nondepreciable	25,955,049	4,034,917	29,989,966
Depreciable	122,883,558	15,221,590	138,105,148
Total assets	246,666,649	45,831,634	292,498,283
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension	25,004,847	1,107,522	26,112,369
Deferred outflows on health insurance subsidy	2,380,178	140,131	2,520,309
Total deferred outflows of resources	27,385,025	1,247,653	28,632,678
LIABILITIES			
Accounts payable	5,668,920	1,141,274	6,810,194
Accrued wages payable	1,657,185	105,269	1,762,454
Interest payable	58,367	--	58,367
Due to other governments	789,815	40,805	830,620
Deposits	133,687	242,869	376,556
Unearned revenue	431,747	--	431,747
Noncurrent liabilities			
Due within one year	5,788,888	864,936	6,653,824
Due in more than one year	83,038,163	20,871,683	103,909,846
Total liabilities	97,619,460	23,266,836	120,886,296
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension	5,528,265	256,825	5,785,090
Deferred inflows on health insurance subsidy	1,728,951	117,423	1,846,374
Deferred inflows on OPEB	300,710	16,525	317,235
Total deferred inflows of resources	7,557,926	390,773	7,948,699

Continued ...

Santa Rosa County, Florida

STATEMENT OF NET POSITION (Continued)

September 30, 2018

NET POSITION	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	143,546,487	17,650,472	161,196,959
Restricted for:			
Landfill closure	--	521,014	521,014
Communications	1,413,358	--	1,413,358
Boating improvement	575,649	--	575,649
Domestic violence	194,186	--	194,186
Voter education	1,896	--	1,896
Pollworker recruitment	1,887	--	1,887
Federal elections	6,998	--	6,998
Partners for pets	47,199	--	47,199
Navarre Beach Bridge maintenance	319,026	--	319,026
Infrastructure development	4,343,011	--	4,343,011
Law Enforcement Trust Fund	95,173	--	95,173
Crime prevention	446,970	--	446,970
Mosquito control	47,417	--	47,417
Federal and state grants	1,602,331	--	1,602,331
Enhanced 911 system	744,929	--	744,929
Tourist development	2,308,540	--	2,308,540
State Housing Improvement Program	832,932	--	832,932
Flood Mitigation	380,265	--	380,265
Road and sewer construction	584,623	--	584,623
Canal maintance	347,042	--	347,042
Street lighting	108,291	--	108,291
Beach restoration	18,480	--	18,480
State court operations	16,214	--	16,214
Court equipment and technology	816,441	--	816,441
Records modernization trust fund	555,989	--	555,989
Law enforcement training	69,843	--	69,843
Inmate welfare purchases	934,933	--	934,933
Unrestricted	8,514,178	5,250,192	13,764,370
Total net position	<u>\$ 168,874,288</u>	<u>\$ 23,421,678</u>	<u>\$ 192,295,966</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2018

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business-	Total
		Services	Grants and	Grants and	Activities	type	
			Contributions	Contributions		Activities	
Governmental activities:							
General government	\$ 37,134,964	\$ 21,841,976	\$ 1,612,384	\$ --	\$ (13,680,604)		\$ (13,680,604)
Public safety	53,973,231	3,244,589	546,256	166,617	(50,015,769)		(50,015,769)
Physical environment	5,972,999	4,795,879	243,237	105,907	(827,976)		(827,976)
Transportation	14,756,942	1,930	242,572	468,972	(14,043,468)		(14,043,468)
Economic environment	4,719,843	--	1,884,587	3,395,743	560,487		560,487
Human services	4,757,808	41,886	822,397	--	(3,893,525)		(3,893,525)
Culture and recreation	4,945,234	497,209	477,521	--	(3,970,504)		(3,970,504)
Interest on long-term debt	145,914	--	--	--	(145,914)		(145,914)
Total governmental activities	126,406,935	30,423,469	5,828,954	4,137,239	(86,017,273)		(86,017,273)
Business-type activities:							
Navarre Beach water and sewer	2,263,432	2,242,090	--	--		\$ (21,342)	(21,342)
Inspections	2,069,711	2,799,768	--	--		730,057	730,057
Peter Prince Airport	550,774	299,295	--	25,792		(225,687)	(225,687)
Landfill	11,583,634	9,677,360	--	8,027		(1,898,247)	(1,898,247)
Total business-type activities	16,467,551	15,018,513	--	33,819		(1,415,219)	(1,415,219)
Total	142,874,486	45,441,982	5,828,954	4,171,058	(86,017,273)	(1,415,219)	(87,432,492)
General revenues:							
Taxes							
Property taxes					51,841,396	--	51,841,396
Sales, use and fuel taxes					19,561,416	--	19,561,416
Communication services taxes					1,246,878	--	1,246,878
Grants and contributions not restricted to specific programs					15,716,188	--	15,716,188
Unrestricted investment earnings					1,235,761	243,890	1,479,651
Miscellaneous					2,497,875	35,852	2,533,727
Gain on sale of assets					--	67,771	67,771
Transfers					2,063,351	(2,063,351)	--
Total general revenues and transfers					94,162,865	(1,715,838)	92,447,027
Change in net position					8,145,592	(3,131,057)	5,014,535
Net position - beginning					160,264,715	26,527,237	186,791,952
Cumulative change in accounting principle					463,981	25,498	489,479
Net position - beginning, restated					160,728,696	26,552,735	187,281,431
Net position - ending					<u>\$ 168,874,288</u>	<u>\$ 23,421,678</u>	<u>\$ 192,295,966</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

ASSETS	General	Road and Bridge	Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 44,695,902	\$ 9,236,098	\$ 2,430,701	\$ 20,791,628	\$ 77,154,329
Investments	722,626	--	--	--	722,626
Receivables, net of uncollectibles					
Accounts	101,566	1,823	--	711,025	814,414
Leases - current	265,108	--	--	--	265,108
Notes	436,375	--	--	--	436,375
Due from other governments	3,350,406	2,742,266	637,683	3,084,357	9,814,712
Due from other funds	1,272,382	--	--	13,703	1,286,085
Inventory	69,487	345,224	--	--	414,711
Total assets	<u>\$ 50,913,852</u>	<u>\$ 12,325,411</u>	<u>\$ 3,068,384</u>	<u>\$ 24,600,713</u>	<u>\$ 90,908,360</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,079,918	\$ 1,463,308	\$ 68,333	\$ 492,810	\$ 4,104,369
Accrued wages payable	1,352,968	151,296	--	147,520	1,651,784
Deposits	133,687	--	--	--	133,687
Unearned revenue	298,258	--	--	133,489	431,747
Due to other funds	314	--	--	1,285,771	1,286,085
Due to other governments	168,646	--	13,565	607,604	789,815
Total liabilities	4,033,791	1,667,292	81,898	2,667,194	8,450,175
Deferred inflows of resources:					
Deferred inflows of resources related to note receivable	436,375	--	--	--	436,375
Combined liabilities and deferred inflows of resources	4,470,166	1,667,292	81,898	2,667,194	8,886,550
Fund balances:					
Nonspendable	69,487	345,224	--	--	414,711
Restricted	2,241,173	319,026	2,986,486	11,266,938	16,813,623
Committed	3,601,260	--	--	10,125,637	13,726,897
Assigned	3,068,669	9,993,869	--	979,452	14,041,990
Unassigned	37,463,097	--	--	(438,508)	37,024,589
Total fund balances	46,443,686	10,658,119	2,986,486	21,933,519	82,021,810
Total liabilities and fund balances	<u>\$ 50,913,852</u>	<u>\$ 12,325,411</u>	<u>\$ 3,068,384</u>	<u>\$ 24,600,713</u>	<u>\$ 90,908,360</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

September 30, 2018

Total Governmental Funds Balances		\$ 82,021,810
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Total capital assets, net, see Note F	148,838,607	
Less: Internal Service Fund capital assets	<u>(822)</u>	148,837,785
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis in governmental funds.		
		436,375
Deferred outflows of resources are presented in governmental activities on the Statement of Net Position, but are not reported in the governmental funds:		
Deferred outflows on pension	25,004,847	
Less: Internal Service Fund Deferred outflows on pensions	(65,654)	
Deferred outflows on health insurance subsidy	2,380,178	
Less: Internal Service Fund Deferred outflows on health insurance subsidy	<u>(8,878)</u>	27,310,493
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Total long-term liabilities, see Note G	(88,827,051)	
Add: interest payable due to interest accruals	(58,367)	
Less: Internal Service Fund insurance claims payable	3,303,001	
Less: Internal Service Fund compensated absences	11,302	
Less: Internal Service Fund other postemployment benefits liability	30,342	
Less: Internal Service Fund net pension liability	146,379	
Less: Internal Service Fund net health insurance subsidy liability	<u>67,580</u>	(85,326,814)
Deferred inflows of resources are presented in governmental activities on the Statement of Net Position, but are not reported in the governmental funds:		
Deferred inflows on pension	(5,528,265)	
Less: Internal Service Fund deferred inflows on pensions	21,513	
Deferred inflows on health insurance subsidy	(1,728,951)	
Less: Internal Service Fund deferred inflows on health insurance subsidy	6,179	
Deferred inflows on OPEB	(300,710)	
Less: Internal Service Fund deferred inflows on OPEB	<u>858</u>	(7,529,376)
Internal service funds are used by management to charge the costs of providing insurance coverage to individual funds and therefore, the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		
		<u>3,124,015</u>
Net Position of Governmental Activities		<u><u>\$ 168,874,288</u></u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended September 30, 2018

	General	Road and Bridge	Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 53,740,701	\$ 7,864,039	\$ 5,809,857	\$ 5,235,093	\$ 72,649,690
Permits, fees and special assessments	247,030	--	--	11,522,409	11,769,439
Intergovernmental	13,036,696	5,878,156	--	6,994,933	25,909,785
Charges for services	8,641,222	36,550	--	5,173,682	13,851,454
Fines and forfeits	351,042	--	--	996,637	1,347,679
Miscellaneous	2,427,373	584,716	11,298	1,161,154	4,184,541
Total revenues	<u>78,444,064</u>	<u>14,363,461</u>	<u>5,821,155</u>	<u>31,083,908</u>	<u>129,712,588</u>
Expenditures					
Current					
General government	23,943,517	--	2,522,432	5,650,410	32,116,359
Public safety	43,749,744	--	--	8,376,207	52,125,951
Physical environment	1,526,479	3,143,869	--	1,633,602	6,303,950
Transportation	1,016,299	15,084,098	--	1,675,487	17,775,884
Economic environment	858,117	--	--	3,722,912	4,581,029
Human services	4,574,421	--	--	171,864	4,746,285
Culture and recreation	3,699,209	--	--	123,201	3,822,410
Capital outlay	--	--	--	2,417,398	2,417,398
Debt service	--	--	--	2,123,091	2,123,091
Total expenditures	<u>79,367,786</u>	<u>18,227,967</u>	<u>2,522,432</u>	<u>25,894,172</u>	<u>126,012,357</u>
Excess (deficiency) of revenues over expenditures	(923,722)	(3,864,506)	3,298,723	5,189,736	3,700,231
Other financing sources (uses)					
Transfers in	8,758,922	5,527,039	--	6,123,406	20,409,367
Transfers out	(3,754,951)	(340,954)	(4,371,185)	(12,276,957)	(20,744,047)
Proceeds from debt	--	--	--	1,604,000	1,604,000
Total other financing sources (uses)	<u>5,003,971</u>	<u>5,186,085</u>	<u>(4,371,185)</u>	<u>(4,549,551)</u>	<u>1,269,320</u>
Net change in fund balances	4,080,249	1,321,579	(1,072,462)	640,185	4,969,551
Fund balances, beginning of year	42,359,951	9,346,271	4,058,948	21,293,334	77,058,504
Change in reserve for inventory	<u>3,486</u>	<u>(9,731)</u>	<u>--</u>	<u>--</u>	<u>(6,245)</u>
Fund balances, end of year	<u>\$ 46,443,686</u>	<u>\$ 10,658,119</u>	<u>\$ 2,986,486</u>	<u>\$ 21,933,519</u>	<u>\$ 82,021,810</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 4,969,551
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:	
Current period investment in capital assets	16,923,360
Current period depreciation	(11,611,073)
Current period loss on disposal of capital assets, net of proceeds	(499,833)
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.	
Change in interest payable	9,010
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also debt proceeds are an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	
Current period change in compensated absences	448,008
Current period note payments	1,422,640
Current period special assessment note payments	546,067
Current period debt proceeds	(1,604,000)
Current period change in pension liability	(1,589,804)
Current period change in health insurance subsidy	(164,504)
Current period increase in other post employment benefits liability	45,180
Current period change in deferred outflow of resources on pensions	(361,748)
Current period change in deferred inflow of resources on pensions	(2,081,488)
Current period change in deferred outflow of resources on health insurance subsidy	22,576
Current period change in deferred inflow of resources on health insurance subsidy	(202,671)
Current period change in deferred inflow of resources on OPEB	(299,852)
Assets and liabilities transferred due to creation of new enterprise fund	1,358,531
Internal service funds are used by management to charge the costs of providing insurance coverage and therefore, the change in net position of the internal service fund is included in governmental activities in the Statement of Activities.	
	821,887
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds	
Change in reserve for inventory	(6,245)
Change in Net Position of Governmental Activities	<u>\$ 8,145,592</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2018

	Business-type Activities				Governmental
	Major Funds		Nonmajor	Total	Activities
ASSETS	Navarre Beach	Landfill	Enterprise Funds	Enterprise Funds	Internal Service Fund
Current assets:					
Cash and cash equivalents	\$ 2,223,993	\$ 4,613,403	\$ 1,884,490	\$ 8,721,886	\$ 7,444,984
Investments	--	--	--	--	646,981
Accounts receivable	200,807	1,310,153	16,348	1,527,308	37,919
Due from other governments	--	--	25,792	25,792	75,883
Total current assets	2,424,800	5,923,556	1,926,630	10,274,986	8,205,767
Noncurrent assets					
Restricted cash and cash equivalents	--	6,217,254	--	6,217,254	--
Restricted investments	--	10,082,887	--	10,082,887	--
Capital assets, net of accumulated depreciation	5,038,450	10,241,437	3,976,620	19,256,507	822
Total noncurrent assets	5,038,450	26,541,578	3,976,620	35,556,648	822
Total assets	7,463,250	32,465,134	5,903,250	45,831,634	8,206,589
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow on pension	129,197	485,280	493,045	1,107,522	65,654
Deferred outflow on health insurance subsidy	18,322	59,603	62,206	140,131	8,878
Total deferred outflows of resources	147,519	544,883	555,251	1,247,653	74,532
LIABILITIES					
Current liabilities					
Accounts payable	124,062	992,023	25,189	1,141,274	1,564,551
Current portion of claims payable	--	--	--	--	577,777
Accrued wages payable	11,414	45,784	48,071	105,269	5,401
Due to other governments	--	--	40,805	40,805	--
Compensated absences - current portion	19,179	195,000	117,512	331,691	11,302
Note payable - current	515,447	--	--	515,447	--
Deposits	7,400	78,355	157,114	242,869	--
Current portion of landfill closure costs	--	17,798	--	17,798	--
Total current liabilities	677,502	1,328,960	388,691	2,395,153	2,159,031
Noncurrent liabilities					
Long term portion of compensated absences	--	152,416	195,000	347,416	--
Long term portion of claims payable	--	--	--	--	2,725,224
Long term portion of landfill closure costs	--	15,761,329	--	15,761,329	--
Note payable - noncurrent	1,090,588	--	--	1,090,588	--
Net pension liability	287,671	1,015,751	1,044,568	2,347,990	146,379
Net health insurance subsidy liability	124,829	373,230	399,091	897,150	67,580
OPEB liability	60,800	186,429	179,981	427,210	30,342
Total noncurrent liabilities	1,563,888	17,489,155	1,818,640	20,871,683	2,969,525
Total liabilities	2,241,390	18,818,115	2,207,331	23,266,836	5,128,556
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow on pension	35,393	107,108	114,324	256,825	21,513
Deferred inflow on health insurance subsidy	12,806	52,368	52,249	117,423	6,179
Deferred inflow on OPEB	1,798	7,429	7,298	16,525	858
Total deferred inflows of resources	49,997	166,905	173,871	390,773	28,550
NET POSITION					
Net investment in capital assets	3,432,415	10,241,437	3,976,620	17,650,472	822
Restricted for landfill closure	--	521,014	--	521,014	--
Unrestricted	1,886,967	3,262,546	100,679	5,250,192	3,123,193
Total net position	\$ 5,319,382	\$ 14,024,997	\$ 4,077,299	\$ 23,421,678	\$ 3,124,015

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year ended September 30, 2018

	Business-type Activities				Governmental
	Major Funds		Nonmajor	Total	Activities
	Navarre Beach	Landfill	Enterprise Funds	Enterprise Funds	Internal Service Fund
Operating revenues					
Permits, fees and special assessments	\$ --	\$ 85,750	\$ 2,790,669	\$ 2,876,419	\$ --
Charges for services	2,242,090	9,591,610	308,394	12,142,094	1,267,495
Insurance proceeds	--	--	--	--	1,048,785
Miscellaneous	8,827	26,951	74	35,852	530
Total operating revenues	2,250,917	9,704,311	3,099,137	15,054,365	2,316,810
Operating expenses					
Personal services	487,717	2,098,800	1,944,380	4,530,897	225,922
Contract services	692,729	932,105	111,049	1,735,883	297,495
Supplies	129,755	56,258	21,911	207,924	18,881
Repairs and maintenance	265,882	500,029	68,666	834,577	384
Utilities	82,000	70,919	20,222	173,141	--
Depreciation	559,154	550,896	337,124	1,447,174	1,408
Amortization	--	--	--	--	--
Travel and per diem	864	5,744	5,605	12,213	--
Insurance	16,100	70,235	49,950	136,285	987,355
Communications	11,178	47,534	19,326	78,038	316
Advertising	--	110	--	110	--
Fuel and oil	14,134	251,270	28,961	294,365	--
Rentals	--	391,605	--	391,605	--
Landfill closure and maintenance	--	6,520,093	--	6,520,093	--
Claims and changes in estimates	--	--	--	--	1,106,871
Miscellaneous	2,657	28,036	13,291	43,984	14,868
Total operating expenses	2,262,170	11,523,634	2,620,485	16,406,289	2,653,500
Operating income (loss)	(11,253)	(1,819,323)	478,652	(1,351,924)	(336,690)
Non-operating revenues (expenses)					
Investment income	40,346	191,525	12,019	243,890	119,077
Interest expense	(1,262)	--	--	(1,262)	--
Sale of recycled materials	--	73,461	--	73,461	--
Gain (loss) on disposal of assets	(9,090)	1,600	1,800	(5,690)	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Total non-operating revenues (expenses)	29,994	206,586	13,819	250,399	119,077
Income (loss) before contributions and transfers	18,741	(1,612,737)	492,471	(1,101,525)	(217,613)
Transfers in	--	--	--	--	1,039,500
Transfers out	(99,049)	(593,733)	(12,038)	(704,820)	--
Capital contribution	--	8,027	25,792	33,819	--
Creation of fund - excess of liabilities over assets	--	--	(1,358,531)	(1,358,531)	--
Change in net position	(80,308)	(2,198,443)	(852,306)	(3,131,057)	821,887
Net position, beginning of year	5,396,915	16,211,977	4,918,345	26,527,237	2,300,804
Adjustment for change in accounting principle	2,775	11,463	11,260	25,498	1,324
Net assets, beginning of year restated	5,399,690	16,223,440	4,929,605	26,552,735	2,302,128
Net position, end of year	<u>\$ 5,319,382</u>	<u>\$ 14,024,997</u>	<u>\$ 4,077,299</u>	<u>\$ 23,421,678</u>	<u>\$ 3,124,015</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2018

	Business-type Activities				Governmental
	Major Funds		Nonmajor Enterprise Funds	Total Enterprise Funds	Activities
	Navarre Beach	Landfill			Internal Service Fund
Cash flows from operating activities					
Cash received from customers	\$ 2,235,554	\$ 9,372,244	\$ 3,077,397	\$ 14,685,195	\$ 530
Cash paid to suppliers	(1,143,637)	(1,851,690)	(333,158)	(3,328,485)	(960,418)
Cash paid to employees	(493,983)	(2,062,579)	(1,584,606)	(4,141,168)	(223,326)
Cash received from interfund services provided	--	--	--	--	2,309,979
Cash paid for internal services provided	--	--	--	--	(1,733,848)
Net cash provided (used) by operating activities	597,934	5,457,975	1,159,633	7,215,542	(607,083)
Cash flows from noncapital financing activities					
Transfers in	--	--	--	--	1,039,500
Transfers out	(99,049)	(593,733)	(12,038)	(704,820)	--
Sale of recycled materials	--	73,461	--	73,461	--
Aid to private organizations	--	(60,000)	--	(60,000)	--
Net cash provided (used) by noncapital financing activities	(99,049)	(580,272)	(12,038)	(691,359)	1,039,500
Cash flows from capital and related financing activities					
Capital contribution	--	--	25,792	25,792	--
Purchases of capital assets	(647,456)	(2,965,235)	(80,795)	(3,693,486)	--
Principal paid on capital debt	(496,485)	--	--	(496,485)	--
Interest paid on capital debt	(1,262)	--	--	(1,262)	--
Net cash provided (used) by capital and related financing activities	(1,134,413)	(2,965,235)	(55,003)	(4,154,651)	--
Cash flows from investing activities					
Interest and dividends	40,346	191,525	12,019	243,890	119,077
Net sale (purchase) of investments	--	(47,879)	--	(47,879)	(2,906)
Net cash provided (used) by investing activities	40,346	143,646	12,019	196,011	116,171
Net increase (decrease) in cash and cash equivalents	(595,182)	2,056,114	1,104,611	2,565,543	548,588
Cash and cash equivalents at beginning of year	2,819,175	8,774,543	779,879	12,373,597	6,896,396
Cash and cash equivalents at end of year	<u>\$ 2,223,993</u>	<u>\$ 10,830,657</u>	<u>\$ 1,884,490</u>	<u>\$ 14,939,140</u>	<u>\$ 7,444,984</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (11,253)	\$ (1,819,323)	\$ 478,652	\$ (1,351,924)	\$ (336,690)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	559,154	550,896	337,124	1,447,174	1,408
Landfill closure costs	--	6,520,093	--	6,520,093	--
Gain (loss) on disposal of capital assets	(9,090)	1,600	1,800	(5,690)	--
Creation of fund	--	--	(1,443,050)	--	--
Changes in assets and liabilities:					
Accounts receivable	(15,363)	(332,067)	4,052	(343,378)	(6,301)
Due from other governments	--	--	(25,792)	(25,792)	(47,477)
Prepaid expenses	--	10,850	--	10,850	--
Accounts payable	57,158	374,528	20,507	452,193	394,528
Contracts payable	--	--	--	--	--
Accrued compensation	910	334	47,262	48,506	321
Compensated absences	(7,176)	35,887	312,512	341,223	2,275
Due to other governments	--	--	39,075	39,075	--
OPEB liability	(271)	(1,120)	188,610	187,219	(130)
Claims payable	--	--	--	--	(626,977)
Deposits	(1,000)	12,815	156,064	167,879	--
Net pension liability	5,499	41,822	1,023,924	1,071,245	7,589
Net health insurance subsidy	(348)	(1,439)	391,007	389,220	(166)
Deferred outflows of resources	5,932	6,162	(543,622)	(531,528)	(2,039)
Deferred inflows of resources	13,782	56,937	171,508	242,227	6,576
Net cash provided (used) by operating activities	<u>\$ 597,934</u>	<u>\$ 5,457,975</u>	<u>\$ 1,159,633</u>	<u>\$ 7,215,542</u>	<u>\$ (607,083)</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS**

September 30, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 4,746,372
Accounts receivable	156,844
Due from other governments	17,939
Total assets	<u>\$ 4,921,155</u>
LIABILITIES	
Accounts payable	\$ 8,859
Deposits	2,316,883
Due to other governments	2,564,540
Miscellaneous	30,873
Total liabilities	<u>\$ 4,921,155</u>

SANTA ROSA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
GUIDE TO NOTES

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Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied consistently in the preparation of the financial statements follows:

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) has established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations. As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Santa Rosa County, Florida (the County) is a political subdivision of the State of Florida created pursuant to Article 8, Section 1(e), of the Constitution of the State of Florida and Chapter 7 of the Florida Statutes. It is governed by a five member Board of County Commissioners (the Board) elected from single-member districts. The Board has no powers other than those expressly vested in it by the Florida Statutes and its governmental powers cannot be delegated. The Board appoints an administrator to administer all policies emanating from its statutory powers and authority. In addition to the Board, there are five elected Constitutional Officers, pursuant to Article 8, Section 1(d) of the Constitution of the State of Florida: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

These financial statements include the operating activities of the Board, Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

Dependent Special Districts

Blackwater Soil & Water Conservation District - The Blackwater Soil & Water Conservation District (Blackwater) was created by the Florida Legislature in 1942 pursuant to Florida Statute Section 582. Santa Rosa County was established as the local governing authority and is Blackwater's only source of funding. Blackwater does not meet the criteria as a legally separate entity in that it cannot buy, sell, own, lease and mortgage property in its own name. The activities of Blackwater are included in these financial statements as a department of the County within the General Fund.

Pace Property Finance Authority - The Pace Property Finance Authority (Authority) was created in 1990 by County Resolution No. 90-12 pursuant to Chapter 617 of the Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the County. However, the Authority meets the criteria for inclusion in more than one reporting entity - Pace Water System as well as the County. In these cases, judgment must be exercised by management of the reporting entities as to which reporting entity the organization should be included. The Authority has the same elected governing body as the Pace Water System. Additionally,

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

both the Authority and Pace Water System own portions of a single water/sewer system; thus, their capital assets are part of an interconnected system. Finally, the Authority's debt was issued solely to finance the Pace water/sewer system improvements. Based on these facts, management has decided to include the Authority in the combined financial statements of Pace Water System rather than as a component unit of the County.

Santa Rosa County Health Facilities Authority - The Santa Rosa County Health Facilities Authority (Authority) was created in 1982 by County Ordinance No. 82-02 pursuant to Section 154, Florida Statutes. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, the Authority is a component unit of the County. The County appoints the five (5) members of the Authority. Additionally, the County may abolish the Authority at any time by ordinance or resolution as long as all bonded indebtedness incurred by the Authority has been paid. The Authority exists solely to assist health facilities within the County with the acquisition, construction, financing, and refinancing of projects through issuance of conduit debt. All bonds issued by the Authority were subsequently defeased through issuance of new debt culminating with the issuance of \$58 million in new bonds in 2003. The debt outstanding is a limited obligation of the Authority and not a general obligation of the Authority or the County. The Authority is not obligated to pay the principal and interest on the bonds except from the revenues of the Authority pursuant to its loan agreement with Gulf Breeze Hospital. The Authority has no financial activity and the bonds issued under the Authority's name are recorded in the books of the hospital.

Santa Rosa County Housing Finance Authority - The Santa Rosa County Housing Finance Authority (Authority) was created in 1984 by County Resolution No. 84-18 pursuant to Chapter 78-89, Laws of Florida codified as Chapter 159, Part IV, Section 159.601 through 159.623. In accordance with Florida Statutes Section 189.403, the Authority qualifies as a dependent special district. Additionally, based on the criteria outlined above, the Authority is a component unit of Santa Rosa County. The Santa Rosa County Board of County Commissioners, through various resolutions and interlocal agreements with the Escambia County Housing Finance Authority (ECHFA), has authorized ECHFA to allow qualified residents of Santa Rosa County to apply for and obtain preferential mortgages from proceeds generated by bonds issued by ECHFA. Accordingly, there is no financial activity related to the Santa Rosa County Housing Finance Authority to be reflected in these financial statements.

2. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The County groups its funds into two broad fund categories as either governmental or proprietary in nature. Governmental funds include the general, special revenue, debt service and capital project funds. Proprietary funds include enterprise funds and an internal service fund.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the County and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the County.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their use. In a fund with both restricted and unrestricted positions, qualified expenses are considered to be paid first from restricted net position then from unrestricted net position. The government-wide statement of net position reports \$17,334,637 of restricted net position, of which \$5,767,672 is restricted by enabling legislation.

FUND FINANCIAL STATEMENTS

The Fund financial statements, as presented herein, focus primarily on the major funds of the governmental and proprietary categories. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Road and Bridge Fund – Accounts for that portion of state fuel taxes and fees designated for road improvement projects.
- Local Option Sales Tax Fund – Accounts for ½-cent local option sales surtax designated for capital improvement projects.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period – except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred). This includes investment earnings, property taxes, special assessments, and fines and forfeitures. Certain state-levied locally shared taxes including motor vehicle license tax and fuel taxes are considered derived non-exchange transactions. These types of transactions are subject to income recognition when the underlying transaction occurs. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on governmental long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

PROPRIETARY FUNDS

All proprietary funds use the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the County's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary funds are:

- Navarre Beach Fund – Accounts for the operation and maintenance of the water and sewer system of Navarre Beach.
- Landfill Fund – Accounts for the operation of the solid waste disposal facilities of the County.

The County's only internal service fund is the Self Insurance Fund. This fund accounts for the risk management activities of the Board and the other elected officials. Costs are billed to the departments and other elected officials at the actual and estimated costs of providing insurance coverage. At year-end, uncovered costs are billed to the departments, if necessary. Billings in excess of costs are credited to the departments. The policy of the County is not to eliminate interfund activity, i.e. the estimated insurance costs billed to the departments, in the government-wide statement of activities, so as to better reflect the true operating costs of those departments.

FIDUCIARY FUNDS

Agency funds are used to account for assets of others for which the County acts as an agent. The County has thirteen agency fiduciary funds.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. Budgets and Budgetary Accounting

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The Board may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year end.

Budgets are required for all governmental funds except:

Special Revenue Funds:

Sheriff's Grants
Sheriff's Second Dollar
Sheriff's Prisoner Recreation
Sheriff's Federal Seizure
Sheriff's Local Option Sales Tax

Budgets are not initially authorized but subsequently amended for the following funds:

Special Revenue Funds:

Disaster
Grants

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Investments

Investments in U.S. Treasury bills, government backed securities and the Florida Local Government Investment Trust Fund are recorded at fair value. As permitted by GASB Statement No. 72, bank certificates of deposit and short term money market investments are reported at amortized cost rather than fair value.

7. Inventory

Inventory consists of gas, oil, automotive parts, road signs, culverts, and various other items used by the road department and insecticides used by mosquito control operations. Inventory is valued at cost (first in, first out). The cost is recorded as an expenditure at the time the inventory is purchased.

In the fund level statements, reported inventories are equally offset by a nonspendable fund balance since such amounts will not convert to cash even though they are a component of net current assets.

8. Accounting for Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the acquisition date.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extends an asset's life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The County does not capitalize interest expense on borrowings used to finance construction of capital assets, as the capitalizable interest, after netting of interest earnings, is normally insignificant.

Property, plant and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 - 50 years
Water Distribution System	20 years
Improvements	10 - 20 years
Equipment	3 - 10 years
Infrastructure	40 years

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

9. Compensated Absences

It is the policy of the County to permit employees to accumulate a limited amount of earned but unused leave benefits which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the government-wide and proprietary fund financial statements. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16. For the governmental activities, compensated absences are generally liquidated by the General (75%) and the Road and Bridge (25%) funds.

10. Property Taxes

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser's office. Florida Statutes require that all property be assessed at 100 percent of just value.

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4, 3, 2 and 1 percent are allowed for early payment in November through February, respectively. The Tax Collector advertises as required by statute and sells tax certificates for unpaid taxes on real property. Certificates not sold are considered "County Held Certificates." Persons owning land upon which a tax certificate has been sold may redeem the land by paying the face amount of the tax certificate, plus interest and other costs.

Property taxes levied on property valuations as of January 1, 2018 and expected to be collected during the period November 2018 through March 2019 are as follows:

General Fund	\$ 58,164,446
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These taxes, although measurable, are not recognized as revenue at September 30, 2018, since they are not considered to be collectible within the current period or soon enough thereafter to be used to pay current period liabilities.

11. Landfill Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period.

12. Allowance for Uncollectible Amounts

Accounts receivable for the County are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

13. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of the County. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balances represent the intended use established by the Board for the remaining amounts that are not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE B - CASH AND INVESTMENTS

At September 30, 2018, the bank held deposits of \$106,945,113 (before outstanding checks and deposits in transit) consisting of amounts held in checking, savings, money market or time deposit accounts. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida.

The County's cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less from the date of acquisition.

Pursuant to Florida Statutes Section 218.415, the County adopted an investment policy which outlines the County's investment responsibilities, objectives, and policies. The County's investment policy authorizes the County to invest in the following:

- a. The Local Government Surplus Funds Trust Fund (SBA) (Maximum of 75%)*;
- b. Florida Local Government Investment Trust (FLGIT) (State Investment Trust) (100% allowed)*;
- c. Qualified money market mutual funds (Maximum of 50%)*;
- d. U.S. Treasury bills, notes and bonds (100% allowed);
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA) (Maximum of 5%)*;
- f. Non-callable Government Agency securities (Maximum of 25%)*:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).This classification of government agency securities does not include any mortgage debt of any government agency;
- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida (Maximum of 50%)*;
- h. Repurchase agreements for investments authorized in categories d, e, or f above. (Maximum of 40%)*

*To limit the County's concentration of credit risk these are the maximum percentages of the County's total portfolio that can be in each type of investment.

Interest rate risk is limited by no security having a maturity exceeding 2 years. The weighted average to maturity for the portfolio shall be less than 365 days or 1 year. Investments placed with the FLGIT, which

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE B - CASH AND INVESTMENTS - Continued

typically invests in instruments with maturities of less than 5 years, are exempt from this limitation. The average maturity of investments held in the FLGIT as of September 30, 2018 is 1.94 years.

The FLGIT, also known as Florida Trust, is a local government investment pool created by the Florida Association of Court Clerks and Comptroller, and the Florida Association of Counties for the purpose of providing public entities with an investment program by providing investment vehicles for funds that can be invested in short- to intermediate-term securities and have returns generally greater than the national average for money market instruments. The fair values of the County's positions in the pool are the same as the value of the pool shares. The Florida Trust offers two open-ended, professionally managed funds available only to public entities in Florida.

The Investment Trust:

A short term bond fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. As of September 30, 2018 the Investment Trust managed \$869 million and had a price per share of \$24.86 and a Fitch rating of AAAf. This short term bond fund invests in U.S. Treasuries and Agency Securities, Mortgages, Commercial Paper, Asset-Backed Securities, and "A" rated Corporate Securities.

The Day to Day Fund:

The Florida Trust Day to Day Fund is a money market product created in response to demand to provide a fiscally conservative diversification option for Florida local governments. Fund features include same day transactions and online account management. The fund is AAAM-rated by Fitch and is governed by the same board and advisory committee that oversees the Investment Trust.

The County's investments as defined by GASB Statement No. 72 "Fair Value Measurement and Application" are reported at fair value based on level 1 inputs for quoted prices for identical investments in active markets.

Schedule of Cash and Investments at September 30, 2018

	<u>Carrying Amount</u>
Investments:	
FLGIT Investment Trust Fund	<u>\$ 11,452,494</u>
Total Investments	11,452,494
Cash:	
Cash in Bank	38,155,305
Day to Day Trust	61,379,623
Petty Cash	<u>3,525</u>
Total Cash	<u>99,538,453</u>
Total Cash and Investments	<u><u>\$ 110,990,947</u></u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE B - CASH AND INVESTMENTS - Continued

Restricted cash and investments typically consist of funds set aside for the payment of debt and funds set aside to ensure assets producing the pledged revenues are repaired and replaced as needed. These assets are restricted since their use is limited by the applicable bond indentures. Other restricted assets consist of funds restricted to the payment of future landfill closure costs.

Restricted cash and investments by category and by fund are as follows:

	Landfill Fund
Landfill escrow	<u>\$ 16,300,141</u>

NOTE C – DUE FROM OTHER GOVERNMENTAL UNITS

At September 30, 2018, amounts due from other governmental units were as follows:

	General Fund	Road and Bridge Fund	Local Option Sales Tax Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Self Insurance Fund	Total
Federal Government - Grants	\$ 1,585,506	\$ --	\$ --	\$ 338,911	\$ 25,792	\$ --	\$ 1,950,209
State of Florida - Grants	349,857	1,773,686	--	2,375,999	--	--	4,499,542
State of Florida - Taxes	497,351	968,580	637,683	168,313	--	--	2,271,927
Local taxes	917,693	--	--	59,856	--	--	977,549
Other	--	--	--	141,277	--	75,883	217,160
	<u>\$ 3,350,407</u>	<u>\$ 2,742,266</u>	<u>\$ 637,683</u>	<u>\$ 3,084,356</u>	<u>\$ 25,792</u>	<u>\$ 75,883</u>	<u>\$ 9,916,387</u>

NOTE D – INTERFUND TRANSACTIONS

Interfund transactions for the year ended September 30, 2018 were as follows:

	Interfund Receivable	Interfund Payable	Interfund Transfers in	Interfund Transfers out
General fund	\$ 1,272,382	\$ 314	\$ 8,758,922	\$ 3,754,951
Road & Bridge fund	--	--	5,527,039	340,954
Local Option Sales Tax fund	--	--	--	4,371,185
Nonmajor Governmental funds	13,703	1,285,771	6,123,406	12,276,957
Navarre Beach fund	--	--	--	99,049
Landfill fund	--	--	--	593,733
Nonmajor Enterprise funds	--	--	--	12,038
Self Insurance fund	--	--	1,039,500	-
Total	<u>\$ 1,286,085</u>	<u>\$ 1,286,085</u>	<u>\$ 21,448,867</u>	<u>\$ 21,448,867</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE D – INTERFUND TRANSACTIONS - Continued

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move unrestricted revenues collected in the general fund to finance various programs in accordance with budgetary authorizations.

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE E – RECEIVABLES

<u>Governmental</u>	<u>Accounts</u>	<u>Leases</u>	<u>Notes</u>	<u>Intergov- ernmental</u>	<u>Total</u>
General	\$ 101,566	\$ 265,108	\$ 436,375	\$ 3,350,406	\$ 4,153,455
Road & Bridge	1,823	--	--	2,742,266	2,744,089
Local Option Sales Tax	--	--	--	637,683	637,683
NonMajor Govt.	711,025	--	--	3,084,357	3,795,382
Self Insurance	37,919	--	--	75,883	113,802
Subtotal	<u>852,333</u>	<u>265,108</u>	<u>436,375</u>	<u>9,890,595</u>	<u>11,444,411</u>
<u>Business-Type</u>					
Navarre Beach	200,807	--	--	--	200,807
Landfill	1,310,153	--	--	--	1,310,153
Peter Prince	16,348	--	--	25,792	42,140
Subtotal	<u>1,527,308</u>	<u>--</u>	<u>--</u>	<u>25,792</u>	<u>1,553,100</u>
Total	<u>\$ 2,379,641</u>	<u>\$ 265,108</u>	<u>\$ 436,375</u>	<u>\$ 9,916,387</u>	<u>\$12,997,511</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows (in thousands):

Governmental activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 19,819	\$ 1,574	\$ -	\$ -	\$ 21,393
Construction in progress	423	4,140	--	--	4,563
Total capital assets not being depreciated	20,242	5,714	-	-	25,956
Other capital assets:					
Buildings	64,968	49	--	--	65,017
Improvements other than buildings	151,231	2,948	--	16	154,163
Machinery and equipment	56,364	8,214	(264)	2,193	62,121
Total capital assets being depreciated	272,563	11,211	(264)	2,209	281,301
Less accumulated depreciation for:					
Buildings	48,355	2,250	--	--	50,605
Improvements other than buildings	62,715	4,472	--	10	67,177
Machinery and equipment	37,623	4,890	(171)	1,707	40,635
Total accumulated depreciation	148,693	11,612	(171)	1,717	158,417
Total capital assets being depreciated, net	123,870	(401)	(93)	492	122,884
Governmental activities capital assets, net	<u>\$ 144,112</u>	<u>\$ 5,313</u>	<u>\$ (93)</u>	<u>\$ 492</u>	<u>\$ 148,840</u>
 Business like activities	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Transfers</u>	 <u>Deletions</u>	 <u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 1,191	\$ 115	\$ --	\$ --	\$ 1,306
Construction in progress	1,070	2,364	--	704	2,730
Total capital assets not being depreciated	2,261	2,479	--	704	4,036
Other capital assets:					
Buildings	3,909	--	--	--	3,909
Improvements other than buildings	30,171	1,701	--	--	31,872
Furniture and fixtures	3,991	219	264	566	3,908
Total capital assets being depreciated	38,071	1,920	264	566	39,689
Less accumulated depreciation for:					
Buildings	2,118	128	--	--	2,246
Improvements other than buildings	18,365	1,053	--	--	19,418
Furniture and fixtures	2,920	266	171	556	2,801
Total accumulated depreciation	23,403	1,447	171	556	24,465
Total capital assets being depreciated, net	14,668	473	93	10	15,224
Business like activities capital assets, net	<u>\$ 16,929</u>	<u>\$ 2,952</u>	<u>\$ 93</u>	<u>\$ 714</u>	<u>\$ 19,260</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE F – CAPITAL ASSETS - Continued

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 1,995,550
Public safety	3,583,497
Physical environment	127,486
Transportation	3,903,211
Economic environment	90,770
Human services	151,753
Culture and recreation	1,760,214
Total governmental activities depreciation expense	<u>\$ 11,612,481</u>

Business-type activities:

Navarre Beach	\$ 559,154
Landfill	550,896
Inspections	15,572
Peter Prince Field	321,552
Total business-type activities depreciation expense	<u>\$ 1,447,174</u>

NOTE G- LONG-TERM DEBT

1. Changes in Long-Term Debt

Special assessment notes are fully secured by annual assessments made against property owners of the specific area that benefited from the proceeds of the notes. The County has no legal obligation to levy ad valorem taxes or cover the notes in case of default by the property owners. The County does, however, maintain a moral commitment to cover the debt payments until such time as the property owners can make the payments.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G- LONG-TERM DEBT - Continued

The following is a summary of changes in long-term debt for the year.

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018	Amount Due within One Year
Governmental activities:					
Compensated absences	\$ 8,321,494	\$ 3,834,459	\$ 4,592,740	\$ 7,563,213	\$ 4,111,303
Claims payable	3,929,978	980,464	1,607,441	3,303,001	577,777
General obligation notes	3,837,034	--	740,479	3,096,555	753,705
Revenue notes	740,509	--	682,161	58,348	33,182
Special assessment notes	1,079,284	1,604,000	546,067	2,137,217	312,921
OPEB liability	7,261,668	543,237	778,256	7,026,649	--
Net pension liability*	52,179,319	612,923	--	52,792,242	--
Net health insurance subsidy*	13,077,909	--	228,083	12,849,826	--
	<u>\$ 90,427,195</u>	<u>\$ 7,575,083</u>	<u>\$ 9,175,227</u>	<u>\$ 88,827,051</u>	<u>\$ 5,788,888</u>
Business-type activities:					
Compensated absences	\$ 337,884	\$ 710,237	\$ 369,015	\$ 679,106	\$ 331,691
Landfill closure costs	9,259,034	6,520,093	--	15,779,127	17,798
Notes payable	2,102,521	--	496,485	1,606,036	515,447
OPEB liability	239,990	219,563	32,343	427,210	--
Net pension liability*	1,276,744	1,071,246	--	2,347,990	--
Net health insurance subsidy*	507,930	389,220	--	897,150	--
	<u>\$ 13,724,103</u>	<u>\$ 8,910,359</u>	<u>\$ 897,843</u>	<u>\$ 21,736,619</u>	<u>\$ 864,936</u>

*presented net increases (decreases)

Compensated absences, other post-employment benefits and net pension liability are liquidated by the general and other governmental funds incurring the expenditure. Claims liabilities are liquidated in the internal service fund.

2. Descriptions of Notes

Notes payable at September 30, 2018 are comprised of the following:

General government – General Obligation notes payable

\$5,279,240 note payable to bank for the purchase and installation of equipment for a new 911 system. The note is due in 7 annual payments of \$809,011 including interest at 1.786% with final payment due in 2021.

3,096,554

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G - LONG-TERM DEBT - Continued

General government – Revenue notes payable

\$287,870 note payable to bank for the acquisition and construction of improvements for the Bagdad Heritage Trail Project. The note is due in 40 quarterly payments of \$5,888 to 9,370 plus interest at 3.98% with final payment due in 2020, secured by North Santa Rosa tourist development tax revenues. 58,348

General government – Special Assessment notes payable

\$1,872,038 special assessment note payable to bank to refinance the \$1,582,132 and \$770,000 special assessment notes payable for the acquisition and installation of fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 32 quarterly payments of \$53,061 to \$64,128 plus interest at 2.44% with final payment due in 2018. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 64,128

\$600,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Santa Rosa Shores MSBU. The note is due in 40 quarterly payments of \$12,432 to \$17,890 payments plus interest at 3.75% with final payment due in 2019. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 53,672

\$700,000 special assessment note payable to bank for the acquisition and installation fire control equipment in the Santa Rosa County Fire Protection MSBU. The note is due in 60 quarterly payments of \$9,134 to \$14,526 plus interest at 3.14% with final payment due in 2025. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 379,219

\$268,350 special assessment note payable to bank for the construction of certain infrastructure improvements in the Skiwatch Estates MSBU. The note is due in 40 quarterly payments of \$7,625 including interest at 2.56% with final payment due in 2021. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 94,651

\$383,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Little Duck Circle MSBU. The note is due in 32 quarterly payments of \$13,060 including interest at 2.15% with final payment due in 2026. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest. 361,026

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G - LONG-TERM DEBT - Continued

\$1,221,000 special assessment note payable to bank for the construction of certain infrastructure improvements in the Ponderosa Drive MSBU. The note is due in 56 quarterly payments of \$25,961 including interest at 2.494% with final payment due in 2032. Annual assessments will be made against property owners sufficient to retire the maturing principal and interest.

1,184,522

Total general government notes payable

\$5,292,120

Proprietary fund type - note payable

Navarre Beach

\$6,500,000 Utility System Revenue Note, Series 2006 payable to bank for the construction of certain improvements and additions to the Navarre Beach Utility System. The note is due in 15 annual payments of \$335,333 to \$555,568 plus interest at 0.0%, adjusted every 3 years, secured by non-ad valorem revenues.

1,606,136

Total proprietary fund type note payable

\$ 1,606,136

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G - LONG-TERM DEBT - Continued

3. Pledged Revenues

Santa Rosa County has pledged certain revenues to repay certain bonds and notes outstanding at September 30, 2018. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2018.

Governmental Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Special Assessment Notes						
Fire Protection MSBU Revenue Note, Series 2010-B	Special assessments	60,450	425,498	100%	60,450	2025
Fire Protection MSBU Revenue Note, Series 2010-C	Special assessments	258,852	64,519	100%	258,852	2018
Santa Rosa Shores Canal Maintenance MSBU Refunding Revenue Note, Series 2009	Special assessments	83,986	54,172	116%	72,229	2019
Skiwatch Estates Canal Maintenance Dredging MSBU Revenue Note, Series 2011	Special assessments	See below	99,130	0%	30,502	2021
Little Duck Circle MSBU Revenue Note, Series 2018	Special assessments	59,658	391,808	228%	26,121	2026
Ponderosa Drive MSBU Revenue Note, Series 2018	Special assessments	144,173	1,401,890	278%	51,922	2032
Notes Payable						
Bagdad Heritage Trail Project Capital Improvement Revenue Note, Series 2010	North SRC Tourist Development Tax	304,926	61,456	870%	35,048	2020
Total Notes - Governmental Activities		<u>\$ 912,045</u>	<u>\$ 2,498,473</u>		<u>\$ 535,124</u>	

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G- LONG-TERM DEBT - Continued

Business-type Activities	Revenue Pledged	Current Year Total Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Revenue Bonds						
Utility Service Revenue Note, Series 2007	Navarre Beach operations	\$ 547,901	\$ 1,670,558	110%	\$ 497,747	2021
Total Revenue Notes - Business-type Activities		\$ 547,901	\$ 1,670,558		\$ 497,747	

Note on Skiwatch Estates Canal Maintenance Dredging - Sufficient funds have already been assessed and collected to cover debt service.

4. Debt Service Requirements

The annual requirements to amortize all notes outstanding at September 30, 2018 are as follows:

Governmental activities:

Year ended September 30,	Principal	Interest	Total
2019	1,099,804	109,389	1,209,193
2020	992,468	87,503	1,079,971
2021	986,356	67,942	1,054,298
2022	982,486	48,752	1,031,238
2023	185,013	29,766	214,779
2024-2028	699,053	82,897	781,950
2029-2032	346,940	16,677	363,617
	<u>\$ 5,292,120</u>	<u>\$ 442,926</u>	<u>\$ 5,735,046</u>

Business-type activities:

Year ended September 30,	Principal	Interest	Total
2019	515,447	31,834	547,281
2020	535,020	21,676	556,696
2021	555,569	11,012	566,581
	<u>\$ 1,606,036</u>	<u>\$ 64,522</u>	<u>\$ 1,670,558</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE H - CONDUIT DEBT OBLIGATIONS

The County has issued certain limited-obligation debt instruments, including: 1) industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest; and 2) municipal service benefit unit revenue notes to finance the acquisition, construction, reconstruction and equipping of capital improvements within the municipal service benefit unit. The debt instruments are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the County nor the State, nor any political subdivision thereof, is obligated in any manner for repayment of the debt instruments. Accordingly, the debt instruments are not reported as liabilities in the accompanying financial statements.

Debt issues related to conduit financings outstanding at September 30, 2018 are as follows:

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Outstanding 9/30/2018</u>
Baptist Hospital, 2003	8/21/2003	10/1/2021	\$ 57,905,000	\$ 57,905,000

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill sites when the landfill stops accepting waste and to perform certain maintenance and monitoring functions at sites for thirty years after closure. Although closure and postclosure care costs are paid only near or after the date that a landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$15.8 million reported as landfill closure and postclosure care liability (current and noncurrent) at September 30, 2018, represents the cumulative amount reported to date based on the following percentage usage of the estimated capacity of each of the County's landfills:

Central Class I Landfill	56%
Central Class III Landfill (New)	31%
Central Class III Landfill (Old)	Closed 10/98

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - Continued

The estimated cost of postclosure care for the Central Class III (Old) landfill has been recognized in prior years with any changes in estimates being recorded in the current year. The County will recognize the remaining estimated cost of closure and postclosure care for the Central Class I and Class III (New) landfills in the amount of \$18.1 million as their remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. The estimated remaining lives of the Central Class I and Class III landfills are 11 and 16 years, respectively. Cost of closure and life estimates are based on the areas currently in use, and not on potential areas of expansion. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. At September 30, 2018, the County held cash and investments of \$16,300,141 to cover the escrow requirement of \$16,300,141. These cash and investments are reported as restricted assets in these financial statements. The County expects that future inflation costs will be paid from interest earnings on these restricted cash and investments and from charges to future landfill users or future tax revenue.

NOTE J - COMMITMENTS AND CONTINGENCIES

1. Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

2. Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY

1. Retirement Plan

Participation - Employees of the County participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

Benefit Provisions – The Florida retirement system offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Normal retirement benefits are available to employees who retire at age 62 or 65 (depending on hire date) with 6 or 8 (depending on hire date) or more years of service, or to those employees who have at least 30 or 33 (depending on hire date) years of creditable service, regardless of age. Retirement age and years of service requirements may vary depending on membership class. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's five (if enrolled prior to July 1, 2011) or eight (if enrolled on or after July 1, 2011) highest years of earnings.

The FRS Investment Plan is a defined contribution plan in which participants are vested after one year of service. The employer makes contributions each month based on a percentage of the employee's gross salary and membership class. The contribution percentage is the same whether participating in the Pension Plan or Investment Plan. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the funds are portable upon termination if the participant is vested. Members in the investment plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Contributions - Chapter 121 requires the employer to pay contributions based upon state-wide rates established by the State of Florida. Employees contribute 3% of their salary. During 2018, the County contributed an average of 8.01% of each qualified regular employee's gross salary, 39.92% percent of the elected officials' salary, 23.58% of each special risk employee's salary, and 13.45% for each DROP participant. The County's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for the year. The County's contributions to the Investment Plan were equal to the legislatively mandated contribution rates, which are equal to a percentage of the members' gross monthly salary based on membership class. Contributions to the Investment plan totaled \$721,606, \$576,762, and \$529,112 for the years ended September 30, 2018, 2017 and 2016,

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY – Continued

respectively. Contributions to the Pension plan totaled \$5,639,544, \$5,204,750, and \$4,913,402 for the years ended September 30, 2018, 2017 and 2016, respectively.

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

Health Insurance Subsidy Pension Plan

Plan Description. The Health Insurance Subsidy Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$704,358 for the fiscal year ended September 30, 2018.

2. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the County reported a liability of \$68,887,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined from an actuarial valuation as of July 1. The County's proportion of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the County's change in proportion was an increase from its proportion measured as of June 30, 2017. The following table presents the information on the County's proportionate share of the FRS and HIS:

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY – Continued

	FRS	HIS	Total
Proportionate share of Net Pension Liability at September 30, 2018	\$ 55,140,232	\$ 13,746,976	\$ 68,887,208
County's proportion at June 30, 2018	0.1830653387%	0.1298831274%	
County's proportion at June 30, 2017	0.1807209993%	0.1270599493%	
Change in proportion during current year	0.0023443394%	0.0028231781%	

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$4,602,588. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS		County Total Deferred Outflow (Deferred Inflow)
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	
Differences between expected and actual experience	\$ 4,671,207	\$ 169,543	\$ 210,460	\$ 23,356	\$ 4,688,768
Change of assumptions	18,017,145	--	1,528,833	1,453,445	18,092,533
Net difference between projected and actual earnings on pension plan investments	--	4,260,256	8,299	--	(4,251,957)
Changes in proportion and differences between County contributions and proportionate share of contributions	2,066,828	1,355,292	595,521	369,572	937,485
County contributions subsequent to the measurement date	1,357,190	--	177,197	--	1,534,387
Total	<u>\$26,112,370</u>	<u>\$5,785,091</u>	<u>\$2,520,310</u>	<u>\$1,846,373</u>	<u>\$ 21,001,216</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY – Continued

The deferred outflows of resources related to pensions, totaling \$1,534,387, resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	FRS	HIS	County Total Deferred Outflow (Deferred Inflow)
2019	\$ 7,131,958	\$ 235,035	\$ 7,366,993
2020	5,069,653	234,336	5,303,989
2021	873,696	179,909	1,053,605
2022	3,326,124	38,841	3,364,965
2023	2,223,260	(154,216)	2,069,044
Thereafter	345,398	(37,165)	308,233
	<u>\$ 18,970,089</u>	<u>\$ 496,740</u>	<u>\$ 19,466,829</u>

Actuarial Assumptions - The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

FRS

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

HIS

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.87%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE K – PENSION AND HEALTH INSURANCE SUBSIDY – Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
Total	<u>100%</u>			
Assumed inflation - mean			2.6%	1.9%

* As outlined in the Plan's investment policy

Discount Rate – The discount rate used to measure the total FRS pension liability was 7.00%. The FRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. For the HIS plan, the discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate for the respective plans, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>FRS Net Pension Liability</u>			<u>HIS Net Pension Liability</u>		
<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(2.87%)</u>	<u>(3.87%)</u>	<u>(4.87%)</u>
\$ 100,633,231	\$ 55,140,229	\$ 17,355,602	\$ 15,657,000	\$ 13,746,976	\$ 12,154,860

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS financial report.

NOTE L - FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund balances	Major Funds				Total
	General Fund	Road and Bridge Fund	LOST Fund	Other Funds	
Nonspendable					
Inventory	\$ 69,487	\$ 345,224	\$ --	\$ --	\$ 414,711
Restricted for:					
Communications	1,413,358	--	--	--	1,413,358
Boating improvement	575,649	--	--	--	575,649
Domestic violence	194,186	--	--	--	194,186
Voter education	1,896	--	--	--	1,896
Pollworker recruitment	1,887	--	--	--	1,887
Federal elections	6,998	--	--	--	6,998
Partners for pets	47,199	--	--	--	47,199
Navarre Beach Bridge maintenance	--	319,026	--	--	319,026
Infrastructure development	--	--	2,986,486	1,356,525	4,343,011
Law Enforcement Trust Fund	--	--	--	95,173	95,173
Crime prevention	--	--	--	446,970	446,970
Mosquito control	--	--	--	47,417	47,417
Federal and state grants	--	--	--	1,602,331	1,602,331
Enhanced 911 system	--	--	--	744,929	744,929
Tourist development	--	--	--	2,308,540	2,308,540
State Housing Improvement Program	--	--	--	832,932	832,932
Flood mitigation	--	--	--	380,265	380,265
Road and sewer construction	--	--	--	584,623	584,623
Canal maintance	--	--	--	347,042	347,042
Street lighting	--	--	--	108,291	108,291
Beach Restoration	--	--	--	18,480	18,480
State court operations	--	--	--	16,214	16,214
Court equipment and technology	--	--	--	816,441	816,441
Records modernization trust fund	--	--	--	555,989	555,989
Law enforcement training	--	--	--	69,843	69,843
Inmate welfare purchases	--	--	--	934,933	934,933
Committed to:					
Animal service education	49,593	--	--	--	49,593
Court innovations	--	--	--	368,896	368,896
Transportation, recreation and economic development	--	--	--	3,960,939	3,960,939
Gas and oil preservation	3,551,667	--	--	-	3,551,667
Capital construction projects	--	--	--	5,795,802	5,795,802
Assigned to:					
Road and bridge construction and maintenance	--	9,993,869	--	--	9,993,869
Debt service	--	--	--	71,519	71,519
Berm restoration	2,487,405	--	--	--	2,487,405
Law library	--	--	--	27,409	27,409
Court operations	--	--	--	880,524	880,524
Gas and oil preservation	306,747	--	--	--	306,747
Navarre Beach Leaseholders	59,517	--	--	--	59,517
Navarre Beach Community Center	215,000	--	--	--	215,000
Unassigned	37,463,097	--	--	(438,508)	37,024,589
	<u>\$ 46,443,686</u>	<u>\$ 10,658,119</u>	<u>\$ 2,986,486</u>	<u>\$ 21,933,519</u>	<u>\$ 82,021,810</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE M - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986 the County established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Boats
- Employee Fidelity
- Buildings and Contents, \$5,000 deductible
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings, contents and Sheriff's general, automobile and professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Board of County Commissioners and other County elected officials participate in the program and make payments to the Self Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$3,303,001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Liabilities for incurred losses to be settled by fixed or reasonably determined payments over a long period of time are reported at their present value using an expected future investment yield assumption of 3.9 - 7 percent. These liabilities are reported at their present value of \$309,472 at September 30, 2018.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE M - RISK MANAGEMENT - Continued

Changes in the Fund's claims liability amount in fiscal years 2017 and 2018 were as follows:

	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2016 - 2017	\$ 2,001,028	\$ 3,418,235	\$ 1,489,285	\$ 3,929,978
2017 - 2018	\$ 3,929,978	\$ 980,464	\$ 1,607,441	\$ 3,303,001

The following table presents a summary of the claims payable liability at year end:

Current claims payable	\$ 543,531
Current claims-structured settlements	34,246
Total claims payable, current	<u>577,777</u>
Long-term claims payable	2,449,998
Long-term claims-structured settlements	275,226
Total claims payable, long-term	<u>2,725,224</u>
Total claims payable	<u><u>\$ 3,303,001</u></u>

The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage, excluding the Sheriff. The County pays an annual premium as a participant of the pooled liability program. During 1994, the first year of participation, the County paid an extraordinary loss fund payment of \$249,886. The liability coverage is not designed to be assessable; however, should the pool fail to meet its obligations, the County may be required to contribute additional funds or cover its own obligations. No accrual for future assessments has been recorded in the financial statements as such assessments do not appear probable based on past experience of the pool, and experience of the pool subsequent to the County's fiscal year end through the date of these financial statements. In the event the County elected to terminate its participation in the pool, the extraordinary loss fund payment would be refunded to the County, given adequate funding of the pool.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS

The County implemented, in 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment health care benefits provided by the County.

Plan Description – Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the County and eligible dependents, may continue to participate in the County’s purchased health and hospitalization insurance coverage (the Plan) at the same group rate as for active employees and participating retirees are required to reimburse the County 100% of the health insurance premium a month in advance. The Plan is a single-employer plan. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County also provides an insurance subsidy for employees with at least 10 years (8 years elected) creditable service. The subsidy pays \$3 per year of service limited to the individual’s premium payment up to a maximum of \$90 per month. No stand-alone financial report is issued.

Funding Policy – The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB liability. For the 2018 fiscal year, 275 retirees and eligible dependents received postemployment health care benefits. The County provided required contributions of \$264,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees insurance net of retiree contributions totaling \$545,309. Required contributions are based on projected pay-as-you-go financing.

Transition to GASB 75 – Per paragraph 244 of GASB 75, the difference between the Net OPEB Obligation as of September 30, 2017 and the Unfunded Actuarial Accrued Liability as of the FYE 2017 measurement date (September 30, 2016) determined using a 3.10% rate should be reported as a restatement of beginning net position. The table below shows the calculation.

Development of beginning net position

Estimated Net OPEB Obligation on 9/30/2017	\$7,991,137
Unfunded Accrued Liability 9/30/2016 (3.10%, EAN)	<u>7,501,658</u>
Restatement of beginning net position	<u><u>(\$489,479)</u></u>

In subsequent years, only the changes from this starting point will be recognized.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

Net OPEB Liability – The following table shows the changes in the County’s net OPEB liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Opeb Liability (a) - (b)
Balance as of September 30, 2016 for FYE 2017	\$ 7,501,658	\$ -	\$ 7,501,658
Service Cost	344,631	-	344,631
Interest	228,459	-	228,459
Contributions	-	264,000	(264,000)
Benefit Payments	(264,000)	(264,000)	-
Changes in Assumptions	(356,889)	-	(356,889)
Net Changes in OPEB Liability	(47,799)	-	(47,799)
Balance as of September 30, 2017 for FYE 2018	<u>\$ 7,453,859</u>	<u>\$ -</u>	<u>\$ 7,453,859</u>

Funded status 0.00%

OPEB Expense – The following table shows the components of the County’s OPEB expense:

Service Cost	\$344,631
Interest	228,459
Changes in Assumptions	
In Current Fiscal Year Recognized in Current Year	(39,654)
From Past Years Recognized in Current Year	0
Total	(39,654)
Total OPEB Expense	<u>\$533,436</u>

Sensitivity of Total OPEB Liability

The following table presents the County’s Total OPEB liability, as well as what the County’s Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 8,390,931	\$ 7,453,859	\$ 6,654,112

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The following table presents the County's Total OPEB liability, as well as what the County's Total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Ultimate Trend	1% Decrease (2.90%)	Current Medical Trend (3.90%)	1% Increase (4.90%)
Total OPEB Liability	\$ 7,271,997	\$ 7,453,859	\$ 7,674,938

Deferred Inflows/Outflows of Resources related to OPEB – For the fiscal year ended September 30, 2018, the County recognized an OPEB expense of \$533,436. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ --
Change of assumptions	--	317,235
Net difference between projected and actual earnings on OPEB plan investments	--	--
County contributions subsequent to the measurement date	--	--
Total	<u>\$ --</u>	<u>\$ 317,235</u>

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE N – POST EMPLOYMENT HEALTH CARE BENEFITS - Continued

The deferred outflows of resources related to pensions, totaling \$0, resulting from County contributions to the OPEB Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Fiscal Year Ending September 30,	Amount
2019	\$ (39,654)
2020	(39,654)
2021	(39,654)
2022	(39,654)
2023	(39,654)
Thereafter	(118,965)
	<u>\$ (317,235)</u>

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The County's OPEB actuarial valuation as of October 1, 2017, used the entry age normal actuarial cost method to estimate the net OPEB liability as of September 30, 2018 as required by GASB Statement 75. The discount rate used to determine the liability under GASB 75 is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.50% as of September 30, 2017. The inflation rate assumption is 2.4%. The salary scale assumption used was the Florida Retirement System salary scale assumption of 3.25%.

The required schedules of changes in net OPEB liability and plan fiduciary net position, immediately following the notes, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the net OPEB liability.

Santa Rosa County, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE O – CREATION OF NEW ENTERPRISE FUND

During the process of establishing the budget for the fiscal year ended September 30, 2018, the Board of County Commissioners decided to create a new enterprise fund to account for the operations of the Inspections Department, which had previously been accounted for as a department of the General Fund. In order to establish the new enterprise fund, the beginning balances of long-term assets and liabilities as well as deferred inflows and outflows related to the ongoing operations of the Inspections Department were transferred from governmental activities into the new fund. The details of the balances transferred are as follows:

Capital assets	\$ 297,609
less accumulated depreciation	<u>(213,090)</u>
Total assets	<u>\$ 84,519</u>
Deferred outflows on pension	\$ 486,082
Deferred outflows on health insurance subsidy	<u>65,596</u>
Total deferred outflows	<u>\$ 551,678</u>
Compensated absences liability	\$ 312,548
Net pension liability	984,470
Net health insurance subsidy liability	392,421
OPEB liability	<u>189,710</u>
Total liabilities	<u>\$ 1,879,149</u>
Deferred inflows on pension	\$ 69,250
Deferred inflows on health insurance subsidy	<u>46,329</u>
Total deferred inflows	<u>\$ 115,579</u>
Net transfers of long-term assets and liabilities	<u><u>\$ (1,358,531)</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

Santa Rosa County, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 52,744,160	\$ 52,744,160	\$ 53,740,701	\$ 996,541
Permits, fees and special assessments	202,590	202,590	247,030	44,440
Intergovernmental	12,617,610	12,944,504	13,036,696	92,192
Charges for services	8,029,810	8,029,810	8,641,222	611,412
Fines and forfeits	263,960	263,960	351,042	87,082
Miscellaneous	1,204,232	1,216,232	2,427,373	1,211,141
Total revenues	75,062,362	75,401,256	78,444,064	3,042,808
Expenditures				
Current				
General government	27,533,471	30,566,664	23,943,517	6,623,147
Public safety	43,467,497	44,757,274	43,749,744	1,007,530
Physical environment	2,533,559	2,758,540	1,526,479	1,232,061
Transportation	1,026,238	1,026,238	1,016,299	9,939
Economic environment	703,210	941,135	858,117	83,018
Human services	4,955,888	4,968,302	4,574,421	393,881
Culture and recreation	3,370,335	4,221,717	3,699,209	522,508
Total expenditures	83,590,198	89,239,870	79,367,786	9,872,084
Excess (deficiency) of revenues over expenditures	(8,527,836)	(13,838,614)	(923,722)	12,914,892
Other financing sources (uses)				
Transfers in	5,646,763	8,758,922	8,758,922	--
Transfers out	(1,039,500)	(3,754,951)	(3,754,951)	--
Total other financing sources (uses)	4,607,263	5,003,971	5,003,971	--
Net change in fund balances	(3,920,573)	(8,834,643)	4,080,249	12,914,892
Fund balance, beginning of year	3,920,573	8,834,643	42,359,951	33,525,308
Change in reserve for inventory	--	--	3,486	3,486
Fund balance, end of year	\$ --	\$ --	\$ 46,443,686	\$ 46,443,686

See accompanying notes to required supplementary information.

Santa Rosa County, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 7,407,310	\$ 7,407,310	\$ 7,864,039	\$ 456,729
Intergovernmental	3,327,960	14,651,037	5,878,156	(8,772,881)
Charges for services	--	--	36,550	36,550
Miscellaneous	441,950	441,950	584,716	142,766
Total revenues	11,177,220	22,500,297	14,363,461	(8,136,836)
Expenditures				
Current				
Physical environment	--	15,026,985	3,143,869	11,883,116
Transportation	15,412,721	18,097,466	15,084,098	3,013,368
Total expenditures	15,412,721	33,124,451	18,227,967	14,896,484
Excess (deficiency) of revenues over expenditures	(4,235,501)	(10,624,154)	(3,864,506)	6,759,648
Other financing sources (uses)				
Transfers in	1,859,950	5,527,039	5,527,039	--
Transfers out	(300,000)	(340,954)	(340,954)	--
Total other financing sources (uses)	1,559,950	5,186,085	5,186,085	--
Net change in fund balances	(2,675,551)	(5,438,069)	1,321,579	6,759,648
Fund balance, beginning of year	2,675,551	5,438,069	9,346,271	3,908,202
Change in reserve for inventory	--	--	(9,731)	(9,731)
Fund balance, end of year	\$ --	\$ --	\$ 10,658,119	\$ 10,658,119

Santa Rosa County, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL OPTION SALES TAX FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 7,983,539	\$ 7,983,539	\$ 5,809,857	\$ (2,173,682)
Miscellaneous	—	—	11,298	11,298
Total revenues	7,983,539	7,983,539	5,821,155	(2,162,384)
Expenditures				
Current				
General government	7,174,528	7,122,592	2,522,432	4,600,160
Total expenditures	7,174,528	7,122,592	2,522,432	4,600,160
Excess (deficiency) of revenues over expenditures	809,011	860,947	3,298,723	\$ 2,437,776
Other financing sources (uses)				
Transfers out	(809,011)	(4,371,185)	(4,371,185)	—
Total other financing sources (uses)	(809,011)	(4,371,185)	(4,371,185)	—
Net change in fund balances	—	(3,510,238)	(1,072,462)	2,437,776
Fund balance, beginning of year	—	3,510,238	4,058,948	548,710
Change in reserve for inventory	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ 2,986,486	\$ 2,986,486

Santa Rosa County, Florida

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Florida Retirement System
Last 10 Fiscal Years***

	2018	2017	2016	2015	2014
Santa Rosa County's proportion of the net pension liability (asset)	0.183065339%	0.180720999%	0.179851920%	0.177003043%	0.170070967%
Santa Rosa County's proportionate share of the net pension liability (asset)	\$ 55,140,229	\$ 53,456,059	\$ 45,412,751	\$ 22,862,317	\$ 10,376,830
Santa Rosa County's covered payroll	\$ 54,184,751	\$ 51,194,936	\$ 49,795,322	\$ 49,817,504	\$ 46,775,917
Santa Rosa County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	101.76%	104.42%	91.20%	45.89%	22.18%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF CONTRIBUTIONS
Florida Retirement System
Last 10 Fiscal Years***

	2018		2017		2016		2015		2014
Contractually required contribution	\$ 5,217,215	\$	4,704,612	\$	4,385,976	\$	4,315,479	\$	3,725,277
Contributions in relation to the contractually required contribution	\$ (5,217,215)	\$	(4,704,612)	\$	(4,385,976)	\$	(4,315,479)	\$	(3,725,277)
Contribution deficiency (excess)	\$ -	\$	-	\$	-	\$	-	\$	-
Santa Rosa County's covered payroll	\$ 54,184,751	\$	51,194,936	\$	49,795,322	\$	49,817,504	\$	46,775,917
Contributions as a percentage of covered payroll	9.63%		9.19%		8.81%		8.66%		7.96%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	2018	2017	2016	2015	2014
Santa Rosa County's proportion of the net pension liability (asset)	0.129883127%	0.127059949%	0.127227379%	0.130144159%	0.126228802%
Santa Rosa County's proportionate share of the net pension liability (asset)	\$ 13,746,976	\$ 13,585,836	\$ 14,827,824	\$ 13,272,657	\$ 11,802,701
Santa Rosa County's covered payroll	\$ 54,184,751	\$ 51,194,936	\$ 49,795,322	\$ 49,817,504	\$ 46,775,917
Santa Rosa County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.37%	26.54%	29.78%	26.64%	25.23%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

**SCHEDULE OF CONTRIBUTIONS
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 704,358	\$ 672,437	\$ 652,122	\$ 497,492	\$ 432,418
Contributions in relation to the contractually required contribution	\$ (704,358)	\$ (672,437)	\$ (652,122)	\$ (497,492)	\$ (432,418)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Santa Rosa County's covered payroll	\$ 54,184,751	\$ 51,194,936	\$ 49,795,322	\$ 49,817,504	\$ 46,775,917
Contributions as a percentage of covered payroll	1.30%	1.31%	1.31%	1.00%	0.92%

*Data was unavailable prior to 2014

Santa Rosa County, Florida

SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB liability	
Service Cost	\$ 344,631
Interest Cost	228,459
Changes of Assumptions	(356,889)
Benefit Payments	<u>(264,000)</u>
Net Change in Total OPEB Liability	(47,799)
Total OPEB Liability - Beginning of Year	<u>7,501,658</u>
Total OPEB Liability - End of Year	<u><u>\$ 7,453,859</u></u>
Contributions - Employer	\$ 264,000
Benefit Payments	<u>(264,000)</u>
Net Change in Fiduciary Net Position	-
Fiduciary Net Position - Beginning of Year	<u>-</u>
Fiduciary Net Position - End of Year	<u><u>-</u></u>
Net OPEB Liability	<u>7,453,859</u>
Fiduciary Net Position as a % of Total OPEB Liability	<u><u>0.00%</u></u>
Covered Payroll	<u>\$ 51,194,936</u>
Net OPEB Liability as a % of Covered Payroll	<u><u>14.56%</u></u>
Expected Average Remaining Service Years of All Participants	9

*Data was unavailable prior to 2018

Santa Rosa County, Florida
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
September 30, 2018

BUDGETARY INFORMATION

Florida Statutes Chapters 129 and 200 govern the preparation, adoption, and administration of the County's annual budget. The budget must be balanced, i.e., the estimated revenues plus beginning fund balance brought forward must equal appropriations and be prepared on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The County may, at any time within a fiscal year, amend a budget for that year as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the minutes. The budget officer may authorize certain inter-departmental and intra-departmental budget amendments, provided that the total appropriation of the fund is not changed. All annual appropriations lapse at fiscal year-end.

OTHER POST-EMPLOYMENT BENEFITS

Benefit changes: None

Changes of assumptions: The discount rate was changed as follows:

Discount Rate	
9/30/2017	3.10%
9/30/2018	3.50%

COMBINING INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Fine and Forfeiture Fund - accounts for fines, forfeitures and various other assessments used for law enforcement purposes.

State Matching Program Fund - accounts for state and local funding used for mosquito and other arthropod control.

Grants Fund - accounts for state and federal funding not associated with any other fund.

Enhanced 911 Telephone System Fund - accounts for funds used to maintain the 911 telephone system.

Electric Franchise Fee Fund – accounts for funds from the Electric Franchise fee.

Local Option Tourist Tax Fund - accounts for tax revenues to be used for tourist development activities.

Impact Fees Fund – accounts for impact fees collected to provide for new infrastructure.

SHIP (State Housing Initiative Partnership) Fund - accounts for state funds received to provide housing assistance to low and middle income families.

Disaster Fund – accounts for federal, state and local funding relating to recovery from natural disasters.

MSBU (Municipal Service Benefit Unit) Fund – accounts for special assessments levied against property owners for capital improvements or services rendered for benefit of the affected areas.

Clerk's Courts Fund – accounts for the court related activities of the Clerk of the Court.

Clerk's Courts Technology Fund – accounts for the court technology related activities of the Clerk of the Court.

Clerk's RMTF (Records Modernization Trust Fund) – accounts for fees received that are legally restricted for the modernization of the public records maintained by the Clerk's office.

Clerk's 10% Fines Fund – accounts for the funding received through specific fines to be used to modernize the court system.

Clerk's Child Support Title IV-D – accounts for activities related to Title IV-D child support cases. The funding provides assistance to the plaintiff and enforcement of collections through the Office of Child Support Enforcement.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS - Continued

Sheriff's Grants Fund – accounts for federal and state grants received by the Sheriff's department for specific programs. Not budgeted.

Sheriff's Second Dollar Fund – accounts for shared fine revenues which are legally restricted for law enforcement training purposes. Not budgeted.

Sheriff's Prisoner Recreation Fund – accounts for jail commissary and vending machine revenues that are restricted to providing recreational facilities and equipment for prisoners. Not budgeted.

Sheriff's Federal Seizure Fund – accounts for shared seizure revenues from the United States Department of Justice which are to be used for law enforcement purposes. Not budgeted.

DEBT SERVICE FUND

Debt Service Fund - accounts for the funds used to pay down debt related to governmental funds.

CAPITAL PROJECTS FUNDS

District One Capital Projects Fund - accounts for the construction of sports and recreation facilities in District One.

District Two Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Two.

District Three Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Three.

District Four Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Four.

District Five Capital Projects Fund - accounts for the construction of sports and recreation facilities in District Five.

Other Capital Projects Fund - accounts for the purchase or construction of other capital facilities which are not financed by proprietary funds or trust funds.

Santa Rosa County, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

ASSETS	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Cash and cash equivalents	\$ 15,238,544	\$ 71,519	\$ 5,481,565	\$ 20,791,628
Receivables, net of uncollectibles				
Accounts	711,025	--	--	711,025
Due from other governments	2,770,120	--	314,237	3,084,357
Due from other funds	13,703	--	--	13,703
	<u>18,733,392</u>	<u>71,519</u>	<u>5,795,802</u>	<u>24,600,713</u>
Total assets	<u>\$ 18,733,392</u>	<u>\$ 71,519</u>	<u>\$ 5,795,802</u>	<u>\$ 24,600,713</u>
LIABILITIES				
Accounts payable	\$ 492,810	\$ --	\$ --	\$ 492,810
Accrued wages payable	147,520	--	--	147,520
Unearned revenue	133,489	--	--	133,489
Due to other funds	1,285,771	--	--	1,285,771
Due to other governments	607,604	--	--	607,604
Total liabilities	<u>2,667,194</u>	<u>--</u>	<u>--</u>	<u>2,667,194</u>
FUND BALANCES				
Fund balances				
Restricted	11,266,938	--	--	11,266,938
Committed	4,329,835	--	5,795,802	10,125,637
Assigned	907,933	71,519	--	979,452
Unassigned	(438,508)	--	--	(438,508)
Total fund balances	<u>16,066,198</u>	<u>71,519</u>	<u>5,795,802</u>	<u>21,933,519</u>
Total liabilities and fund balances	<u>\$ 18,733,392</u>	<u>\$ 71,519</u>	<u>\$ 5,795,802</u>	<u>\$ 24,600,713</u>

Santa Rosa County, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended September 30, 2018

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 5,235,093	\$ --	\$ --	\$ 5,235,093
Licenses and permits	11,522,409	--	--	11,522,409
Intergovernmental	5,851,012	--	1,143,921	6,994,933
Charges for services	5,173,682	--	--	5,173,682
Fines and forfeits	996,637	--	--	996,637
Miscellaneous	1,085,610	1,675	73,869	1,161,154
Total revenues	29,864,443	1,675	1,217,790	31,083,908
Expenditures				
Current				
General government	5,650,410	--	--	5,650,410
Public safety	8,376,207	--	--	8,376,207
Physical environment	1,633,602	--	--	1,633,602
Transportation	1,675,487	--	--	1,675,487
Economic environment	3,722,912	--	--	3,722,912
Human services	171,864	--	--	171,864
Culture and recreation	--	--	123,201	123,201
Capital outlay	--	--	2,417,398	2,417,398
Debt service	--	2,123,091	--	2,123,091
Total expenditures	21,230,482	2,123,091	2,540,599	25,894,172
Excess (deficiency) of revenues over expenditures	8,633,961	(2,121,416)	(1,322,809)	5,189,736
Other financing sources (uses)				
Transfers in	413,460	2,122,372	3,587,574	6,123,406
Transfers out	(10,550,844)	--	(1,726,113)	(12,276,957)
New debt issuance	1,604,000	--	--	1,604,000
Total other financing sources (uses)	(8,533,384)	2,122,372	1,861,461	(4,549,551)
Excess (deficiency) of revenues and other sources over expenditures and other uses	100,577	956	538,652	640,185
Fund balances, beginning of year	15,965,621	70,563	5,257,150	21,293,334
Fund balances, end of year	\$ 16,066,198	\$ 71,519	\$ 5,795,802	\$ 21,933,519

Santa Rosa County, Florida

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

September 30, 2018

ASSETS	Fine and Forfeiture	State Match	Grants	Enhanced 911	Electric Franchise Fee	Local Option Tourist Tax	Impact Fees	SHIP Program	Disaster	MSBU
Cash and cash equivalents	\$ 1,795,694	\$ 47,417	\$ 74,682	\$ 608,288	\$ 3,330,199	\$ 2,140,036	\$ 1,338,325	\$ 818,632	\$ 380,265	\$ 1,099,843
Receivables, net of uncollectibles										
Accounts	--	--	36,500	--	630,740	--	--	14,300	--	6,877
Due from other governments	59,294	--	1,675,784	168,313	--	320,203	65,776	--	--	59,856
Due from other funds	--	--	--	--	--	--	--	--	--	--
Total assets	\$ 1,854,988	\$ 47,417	\$ 1,786,966	\$ 776,601	\$ 3,960,939	\$ 2,460,239	\$ 1,404,101	\$ 832,932	\$ 380,265	\$ 1,166,576
LIABILITIES										
Accounts payable	\$ 30,365	\$ --	\$ 184,635	\$ 22,007	\$ --	\$ 144,740	\$ 47,576	\$ --	\$ --	\$ 30,602
Accrued wages payable	5,651	--	--	9,665	--	6,959	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--	--	--	516,046
Due to other governments	--	--	--	--	--	--	--	--	--	--
Total liabilities	36,016	--	184,635	31,672	--	151,699	47,576	--	--	546,648
FUND BALANCES										
Fund balances										
Restricted	542,143	47,417	1,602,331	744,929	--	2,308,540	1,356,525	832,932	380,265	1,058,436
Committed	368,896	--	--	--	3,960,939	--	--	--	--	--
Assigned	907,933	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--	(438,508)
Total fund balances	1,818,972	47,417	1,602,331	744,929	3,960,939	2,308,540	1,356,525	832,932	380,265	619,928
Total liabilities and fund balances	\$ 1,854,988	\$ 47,417	\$ 1,786,966	\$ 776,601	\$ 3,960,939	\$ 2,460,239	\$ 1,404,101	\$ 832,932	\$ 380,265	\$ 1,166,576

Continued...

Santa Rosa County, Florida

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS - Continued**

September 30, 2018

ASSETS	Clerk's Courts Fund	Clerk's Court Tech	Clerk's RMTF	Clerk's Title IV-D	Sheriff's Grants	Sheriff's Second Dollar	Sheriff's Prisoner Rec	Sheriff's Fed Seizure	Sheriff's LOST	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 657,528	\$ 855,015	\$ 555,989	\$ --	\$ 197,290	\$ 69,843	\$ 952,832	\$ 86,352	\$ 230,314	\$ 15,238,544
Receivables, net of uncollectibles										
Accounts	--	--	--	--	--	--	22,608	--	--	711,025
Due from other governments	--	--	--	13,431	325,480	--	--	--	81,983	2,770,120
Due from other funds	13,389	--	--	--	314	--	--	--	--	13,703
Total assets	\$ 670,917	\$ 855,015	\$ 555,989	\$ 13,431	\$ 523,084	\$ 69,843	\$ 975,440	\$ 86,352	\$ 312,297	\$ 18,733,392
LIABILITIES										
Accounts payable	\$ 10,790	\$ 4,442	\$ --	\$ --	\$ 14,094	\$ --	\$ 3,559	\$ --	\$ --	\$ 492,810
Accrued wages payable	77,264	4,346	--	--	40,735	--	2,900	--	--	147,520
Unearned revenue	--	--	--	--	47,137	--	--	86,352	--	133,489
Due to other funds	6,050	--	--	13,431	403,899	--	34,048	--	312,297	1,285,771
Due to other governments	560,599	29,786	--	--	17,219	--	--	--	--	607,604
Total liabilities	654,703	38,574	--	13,431	523,084	--	40,507	86,352	312,297	2,667,194
FUND BALANCES										
Fund balances										
Restricted	16,214	816,441	555,989	--	--	69,843	934,933	--	--	11,266,938
Committed	--	--	--	--	--	--	--	--	--	4,329,835
Assigned	--	--	--	--	--	--	--	--	--	907,933
Unassigned	--	--	--	--	--	--	--	--	--	(438,508)
Total fund balances	16,214	816,441	555,989	--	--	69,843	934,933	--	--	16,066,198
Total liabilities and fund balances	\$ 670,917	\$ 855,015	\$ 555,989	\$ 13,431	\$ 523,084	\$ 69,843	\$ 975,440	\$ 86,352	\$ 312,297	\$ 18,733,392

Santa Rosa County, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

Year ended September 30, 2018

	Fine and Forfeiture	State Match	Grants	Enhanced 911	Electric Franchise Fee	Local Option Tourist Tax	Impact Fees	SHIP Program	Disaster	MSBU
Revenues										
Taxes	\$ 23	\$ --	\$ --	\$ --	\$ --	\$ 2,546,466	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	6,907,970	--	1,510	--	--	4,612,929
Intergovernmental	1,984	36,968	1,836,296	902	--	320,203	128,606	741,444	1,435,673	--
Charges for services	1,174,820	--	17,112	675,771	--	150,000	--	--	--	--
Fines and forfeits	21,634	--	--	--	--	--	--	--	--	--
Miscellaneous	27,324	1,623	53,902	8,453	9,101	36,195	19,527	349,382	12,073	11,828
Total revenues	1,225,785	38,591	1,907,310	685,126	6,917,071	3,052,864	149,643	1,090,826	1,447,746	4,624,757
Expenditures										
Current										
General government	1,185,063	--	--	--	--	--	--	--	--	--
Public safety	88,416	--	148,127	691,182	--	--	--	--	--	3,392,593
Physical environment	--	--	1,218,577	--	--	--	--	--	--	415,025
Transportation	--	--	62,123	--	--	--	172,554	--	--	1,440,810
Economic environment	--	--	340,942	--	--	2,525,400	--	856,570	--	--
Human services	--	32,468	139,396	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total expenditures	1,273,479	32,468	1,909,165	691,182	--	2,525,400	172,554	856,570	--	5,248,428
Excess (deficiency) of revenues over expenditures	(47,694)	6,123	(1,855)	(6,056)	6,917,071	527,464	(22,911)	234,256	1,447,746	(623,671)
Other financing sources (uses)										
Transfers in	--	--	25,430	--	143,285	27,754	--	--	--	216,991
Transfers out	(57,000)	--	(9,985)	--	(6,730,807)	(849,175)	--	(200,426)	(2,112,000)	(591,451)
New debt issuance	--	--	--	--	--	--	--	--	--	1,604,000
Total other financing sources (uses)	(57,000)	--	15,445	--	(6,587,522)	(821,421)	--	(200,426)	(2,112,000)	1,229,540
Net change in fund balances	(104,694)	6,123	13,590	(6,056)	329,549	(293,957)	(22,911)	33,830	(664,254)	605,869
Fund balances, beginning of year	1,923,666	41,294	1,588,741	750,985	3,631,390	2,602,497	1,379,436	799,102	1,044,519	14,059
Fund balances, end of year	<u>\$ 1,818,972</u>	<u>\$ 47,417</u>	<u>\$ 1,602,331</u>	<u>\$ 744,929</u>	<u>\$ 3,960,939</u>	<u>\$ 2,308,540</u>	<u>\$ 1,356,525</u>	<u>\$ 832,932</u>	<u>\$ 380,265</u>	<u>\$ 619,928</u>

Continued...

Santa Rosa County, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS - Continued**

Year ended September 30, 2018

	Clerk's Courts Fund	Clerk's Courts Tech	Clerk's RMTF	Clerk's Title IV-D	Sheriff's Grants	Sheriff's Second Dollar	Sheriff's Prisoner Rec	Sheriff's Federal Seizure	Sheriff's LOST	Total Nonmajor Special Revenue Funds
Revenues										
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,688,604	\$ 5,235,093
Licenses and permits	--	--	--	--	--	--	--	--	--	11,522,409
Intergovernmental	182,161	--	--	190,659	942,554	26,518	--	7,044	--	5,851,012
Charges for services	2,688,261	353,086	114,632	--	--	--	--	--	--	5,173,682
Fines and forfeits	975,003	--	--	--	--	--	--	--	--	996,637
Miscellaneous	71,872	--	--	--	--	--	484,330	--	--	1,085,610
Total revenues	3,917,297	353,086	114,632	190,659	942,554	26,518	484,330	7,044	2,688,604	29,864,443
Expenditures										
Current										
General government	3,947,689	208,385	118,614	190,659	--	--	--	--	--	5,650,410
Public safety	--	--	--	--	942,554	11,875	405,812	7,044	2,688,604	8,376,207
Physical environment	--	--	--	--	--	--	--	--	--	1,633,602
Transportation	--	--	--	--	--	--	--	--	--	1,675,487
Economic environment	--	--	--	--	--	--	--	--	--	3,722,912
Human services	--	--	--	--	--	--	--	--	--	171,864
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total expenditures	3,947,689	208,385	118,614	190,659	942,554	11,875	405,812	7,044	2,688,604	21,230,482
Excess (deficiency) of revenues over expenditures	(30,392)	144,701	(3,982)	--	--	14,643	78,518	--	--	8,633,961
Other financing sources (uses)										
Transfers in	--	--	--	--	--	--	--	--	--	413,460
Transfers out	--	--	--	--	--	--	--	--	--	(10,550,844)
New debt issuance	--	--	--	--	--	--	--	--	--	1,604,000
Total other financing sources (uses)	--	--	--	--	--	--	--	--	--	(8,533,384)
Net change in fund balances	(30,392)	144,701	(3,982)	--	--	14,643	78,518	--	--	100,577
Fund balances, beginning of year	46,606	671,740	559,971	--	--	55,200	856,415	--	--	15,965,621
Fund balances, end of year	\$ 16,214	\$ 816,441	\$ 555,989	\$ --	\$ --	\$ 69,843	\$ 934,933	\$ --	\$ --	\$ 16,066,198

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
FINE AND FORFEITURE FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ --	\$ --	\$ 23	\$ 23
Intergovernmental	34,960	34,960	1,984	(32,976)
Charges for services	800,670	800,670	1,174,820	374,150
Fines and forfeits	--	--	21,634	21,634
Miscellaneous	950	950	27,324	26,374
Total revenues	836,580	836,580	1,225,785	389,205
Expenditures				
Current				
General government	987,154	1,155,659	1,185,063	(29,404)
Public safety	118,860	118,860	88,416	30,444
Total expenditures	1,106,014	1,274,519	1,273,479	1,040
Excess (deficiency) of revenues over expenditures	(269,434)	(437,939)	(47,694)	390,245
Other financing sources (uses)				
Transfers in	--	--	--	--
Transfers out	(57,000)	(57,000)	(57,000)	--
Total other financing sources (uses)	(57,000)	(57,000)	(57,000)	--
Net change in fund balances	(326,434)	(494,939)	(104,694)	390,245
Fund balance, beginning of year	326,434	494,939	1,923,666	1,428,727
Fund balance, end of year	\$ --	\$ --	\$ 1,818,972	\$ 1,818,972

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
STATE MATCH FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 32,468	\$ 32,468	\$ 36,968	\$ 4,500
Miscellaneous	--	--	1,623	1,623
Total revenues	32,468	32,468	38,591	6,123
Expenditures				
Current				
Human services	32,468	32,468	32,468	--
Total expenditures	32,468	32,468	32,468	--
Net change in fund balances	--	--	6,123	6,123
Fund balance, beginning of year	--	--	41,294	41,294
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 47,417</u>	<u>\$ 47,417</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
GRANTS FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ 4,616,597	\$ 1,836,296	\$ (2,780,301)
Charges for services	--	--	17,112	17,112
Miscellaneous	--	805,855	53,902	(751,953)
Total revenues	--	5,422,452	1,907,310	(3,515,142)
Expenditures				
Current				
Public safety	--	155,096	148,127	6,969
Physical environment	--	3,822,415	1,218,577	2,603,838
Transportation	--	203,268	62,123	141,145
Economic environment	--	1,399,570	340,942	1,058,628
Human services	--	166,480	139,396	27,084
Total expenditures	--	5,746,829	1,909,165	3,837,664
Excess (deficiency) of revenues over expenditures	--	(324,377)	(1,855)	322,522
Other financing sources (uses)				
Transfers in	--	25,430	25,430	--
Transfers out	--	(9,985)	(9,985)	--
Total other financing sources (uses)	--	15,445	15,445	--
Net change in fund balances	--	(308,932)	13,590	322,522
Fund balance, beginning of year	--	308,932	1,588,741	1,279,809
Fund balance, end of year	\$ --	\$ --	\$ 1,602,331	\$ 1,602,331

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
ENHANCED 911 PROGRAM FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$ --	\$ --	\$ 902	\$ 902
Charges for services	627,886	627,886	675,771	47,885
Miscellaneous	1,425	1,425	8,453	7,028
Total revenues	629,311	629,311	685,126	55,815
Expenditures				
Current				
Public safety	724,769	758,611	691,182	67,429
Total expenditures	724,769	758,611	691,182	67,429
Net change in fund balances	(95,458)	(129,300)	(6,056)	123,244
Fund balance, beginning of year	95,458	129,300	750,985	\$ 621,685
Fund balance, end of year	\$ --	\$ --	\$ 744,929	\$ 744,929

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
ELECTRIC FRANCHISE FEE FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Permits, fees and special assessments	\$ 6,365,000	\$ 6,365,000	\$ 6,907,970	\$ 542,970
Miscellaneous	--	--	9,101	9,101
Total revenues	<u>6,365,000</u>	<u>6,365,000</u>	<u>6,917,071</u>	<u>552,071</u>
Expenditures				
Current				
General government	<u>636,500</u>	<u>2,495,660</u>	<u>--</u>	<u>2,495,660</u>
Total expenditures	<u>636,500</u>	<u>2,495,660</u>	<u>--</u>	<u>2,495,660</u>
Excess (deficiency) of revenues over expenditures	<u>5,728,500</u>	<u>3,869,340</u>	<u>6,917,071</u>	<u>3,047,731</u>
Other financing sources (uses)				
Transfer in	--	143,285	143,285	--
Transfers out	<u>(5,728,500)</u>	<u>(6,730,807)</u>	<u>(6,730,807)</u>	<u>--</u>
Total other financing sources (uses)	<u>(5,728,500)</u>	<u>(6,587,522)</u>	<u>(6,587,522)</u>	<u>--</u>
Net change in fund balances	--	(2,718,182)	329,549	3,047,731
Fund balance, beginning of year	<u>--</u>	<u>2,718,182</u>	<u>3,631,390</u>	<u>913,208</u>
Fund balance, end of year	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 3,960,939</u></u>	<u><u>\$ 3,960,939</u></u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
LOCAL OPTION TOURIST TAX FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,375,670	\$ 2,375,670	\$ 2,546,466	\$ 170,796
Intergovernmental	--	586,380	320,203	(266,177)
Charges for services	--	150,000	150,000	--
Miscellaneous	4,750	4,750	36,195	31,445
Total revenues	2,380,420	3,116,800	3,052,864	(63,936)
Expenditures				
Current				
Economic environment	2,311,198	3,717,845	2,525,400	1,192,445
Total expenditures	2,311,198	3,717,845	2,525,400	1,192,445
Excess (deficiency) of revenues over expenditures	69,222	(601,045)	527,464	1,128,509
Other financing sources (uses)				
Transfers in	--	27,754	27,754	--
Transfers out	(250,049)	(849,175)	(849,175)	--
Total other financing sources (uses)	(250,049)	(821,421)	(821,421)	--
Net change in fund balances	(180,827)	(1,422,466)	(293,957)	1,128,509
Fund balance, beginning of year	180,827	1,422,466	2,602,497	1,180,031
Fund balance, end of year	\$ --	\$ --	\$ 2,308,540	\$ 2,308,540

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
IMPACT FEES**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Permits, fees and special assessments	\$ --	\$ --	\$ 1,510	\$ 1,510
Intergovernmental	--	250,000	128,606	(121,394)
Miscellaneous	--	--	19,527	19,527
Total revenues	--	250,000	149,643	(100,357)
Expenditures				
Current				
Transportation	--	1,629,435	172,554	1,456,881
Total expenditures	--	1,629,435	172,554	1,456,881
Excess (deficiency) of revenues and other sources over expenditures	--	(1,379,435)	(22,911)	1,356,524
Other financing sources (uses)				
Transfers out	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Net change in fund balances	--	(1,379,435)	(22,911)	1,356,524
Fund balance, beginning of year	--	1,379,435	1,379,436	1
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,356,525</u>	<u>\$ 1,356,525</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
SHIP PROGRAM FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ 678,702	\$ 741,444	\$ 62,742
Miscellaneous	--	365,763	349,382	(16,381)
Total revenues	--	1,044,465	1,090,826	46,361
Expenditures				
Current				
Economic environment	--	1,804,964	856,570	948,394
Total expenditures	--	1,804,964	856,570	948,394
Excess (deficiency) of revenues over expenditures	--	(760,499)	234,256	994,755
Other financing sources (uses)				
Transfers in	--	--	--	--
Transfers out	(114,268)	(200,426)	(200,426)	--
Total other financing sources (uses)	(114,268)	(200,426)	(200,426)	--
Net change in fund balances	(114,268)	(960,925)	33,830	994,755
Fund balance, beginning of year	114,268	960,925	799,102	(161,823)
Fund balance, end of year	\$ --	\$ --	\$ 832,932	\$ 832,932

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISASTER FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ --	\$ 1,435,673	\$ 1,435,673
Miscellaneous	--	--	12,073	12,073
Total revenues	--	--	1,447,746	1,447,746
Expenditures				
Current				
Public safety	--	--	--	--
Total expenditures	--	--	--	--
Excess (deficiency) of revenues over expenditures	--	--	1,447,746	1,447,746
Other financing sources (uses)				
Transfers out	--	(2,112,000)	(2,112,000)	--
Total other financing sources (uses)	--	(2,112,000)	(2,112,000)	--
Net change in fund balances	--	(2,112,000)	(664,254)	1,447,746
Fund balance, beginning of year	--	2,112,000	1,044,519	(1,067,481)
Fund balance, end of year	\$ --	\$ --	\$ 380,265	\$ 380,265

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
MSBU (MUNICIPAL SERVICE BENEFIT UNIT) FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Permits, fees and special assessments	\$ 4,246,773	\$ 4,246,773	\$ 4,612,929	\$ 366,156
Miscellaneous	--	--	11,828	11,828
Total revenues	4,246,773	4,246,773	4,624,757	377,984
Expenditures				
Current				
Public safety	3,344,408	3,561,399	3,392,593	168,806
Physical environment	439,273	440,754	415,025	25,729
Transportation	2,195,785	2,302,744	1,440,810	861,934
Total expenditures	5,979,466	6,304,897	5,248,428	1,056,469
Excess (deficiency) of revenues over expenditures	(1,732,693)	(2,058,124)	(623,671)	1,434,453
Other financing sources (uses)				
Transfers in	--	216,991	216,991	--
Transfers out	(513,302)	(591,451)	(591,451)	--
New debt issuance	1,817,278	1,817,278	1,604,000	(213,278)
Total other financing sources (uses)	1,303,976	1,442,818	1,229,540	(213,278)
Net change in fund balances	(428,717)	(615,306)	605,869	1,221,175
Fund balance, beginning of year	428,717	615,306	14,059	(601,247)
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 619,928</u>	<u>\$ 619,928</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
CLERK'S COURTS FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ --	\$ 182,161	\$ 182,161
Charges for services	1,721,937	2,711,604	2,688,261	(23,343)
Fines and forfeits	704,343	963,843	975,003	11,160
Miscellaneous	--	244,224	71,872	(172,352)
Total revenues	2,426,280	3,919,671	3,917,297	(2,374)
Expenditures				
Current				
General government	2,426,280	3,941,048	3,947,689	(6,641)
Total expenditures	2,426,280	3,941,048	3,947,689	(6,641)
Net change in fund balances	--	(21,377)	(30,392)	(9,015)
Fund balance, beginning of year	--	21,377	46,606	25,229
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,214</u>	<u>\$ 16,214</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
CLERK'S COURTS TECHNOLOGY FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 304,203	\$ 304,203	\$ 353,086	\$ 48,883
Total revenues	304,203	304,203	353,086	48,883
Expenditures				
Current				
General government	306,329	306,329	208,385	97,944
Capital outlay	--	--	--	--
Total expenditures	306,329	306,329	208,385	97,944
Net change in fund balances	(2,126)	(2,126)	144,701	146,827
Fund balance, beginning of year	2,126	2,126	671,740	669,614
Fund balance, end of year	\$ --	\$ --	\$ 816,441	\$ 816,441

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
CLERK'S RMTF (RECORD MODERNIZATION TRUST FUND)**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 114,632	\$ 14,632
Total revenues	100,000	100,000	114,632	14,632
Expenditures				
Current				
General government	100,000	180,000	118,614	61,386
Total expenditures	100,000	180,000	118,614	61,386
Net change in fund balances	--	(80,000)	(3,982)	76,018
Fund balance, beginning of year	--	80,000	559,971	479,971
Fund balance, end of year	\$ --	\$ --	\$ 555,989	\$ 555,989

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
CLERK'S CHILD SUPPORT TITLE IV-D FUND**

	Year ended September 30, 2018			Variance With Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$ 101,964</u>	<u>\$ 190,659</u>	<u>\$ 190,659</u>	<u>\$ --</u>
Total revenues	<u>101,964</u>	<u>190,659</u>	<u>190,659</u>	<u>--</u>
Expenditures				
Current				
General government	<u>--</u>	<u>--</u>	<u>190,659</u>	<u>(190,659)</u>
Total expenditures	<u>--</u>	<u>--</u>	<u>190,659</u>	<u>(190,659)</u>
Excess (deficiency) of revenues over expenditures	<u>101,964</u>	<u>190,659</u>	<u>--</u>	<u>(190,659)</u>
Other financing sources (uses)				
Operating transfers out	<u>(101,964)</u>	<u>(190,659)</u>	<u>--</u>	<u>190,659</u>
Total other financing sources (uses)	<u>(101,964)</u>	<u>(190,659)</u>	<u>--</u>	<u>190,659</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, end of year	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DEBT SERVICE FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ --	\$ --	\$ 1,675	\$ 1,675
Total revenues	--	--	1,675	1,675
Expenditures				
Debt service	1,445,097	2,122,372	2,123,091	(719)
Total expenditures	1,445,097	2,122,372	2,123,091	(719)
Excess (deficiency) of revenues over expenditures	(1,445,097)	(2,122,372)	(2,121,416)	956
Other financing sources (uses)				
Transfers in	1,445,097	2,122,372	2,122,372	--
Total other financing sources (uses)	1,445,097	2,122,372	2,122,372	--
Net change in fund balances	--	--	956	956
Fund balance, beginning of year	--	--	70,563	70,563
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 71,519</u>	<u>\$ 71,519</u>

Santa Rosa County, Florida

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS**

September 30, 2018

	District One	District Two	District Three	District Four	District Five	Other Capital Projects	Total Nonmajor Capital Project Funds
ASSETS							
Cash and cash equivalents	\$ 732,572	\$ 1,023,137	\$ 610,798	\$ 809,218	\$ 885,802	\$ 1,420,038	\$ 5,481,565
Due from other governments	--	199,980	--	--	--	114,257	314,237
Total assets	<u>\$ 732,572</u>	<u>\$ 1,223,117</u>	<u>\$ 610,798</u>	<u>\$ 809,218</u>	<u>\$ 885,802</u>	<u>\$ 1,534,295</u>	<u>\$ 5,795,802</u>
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total liabilities	--	--	--	--	--	--	--
FUND BALANCES							
Fund balances							
Committed	732,572	1,223,117	610,798	809,218	885,802	1,534,295	5,795,802
Total fund balances	<u>732,572</u>	<u>1,223,117</u>	<u>610,798</u>	<u>809,218</u>	<u>885,802</u>	<u>1,534,295</u>	<u>5,795,802</u>
Total liabilities and fund balances	<u>\$ 732,572</u>	<u>\$ 1,223,117</u>	<u>\$ 610,798</u>	<u>\$ 809,218</u>	<u>\$ 885,802</u>	<u>\$ 1,534,295</u>	<u>\$ 5,795,802</u>

Santa Rosa County, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS**

Year ended September 30, 2018

	District One	District Two	District Three	District Four	District Five	Other Capital Projects	Total Nonmajor Capital Project Funds
Revenues							
Intergovernmental	\$ --	\$ 29,663	\$ --	\$ --	\$ --	\$ 1,114,258	\$ 1,143,921
Miscellaneous	8,594	25,013	7,710	9,824	11,923	10,805	73,869
Total revenues	8,594	54,676	7,710	9,824	11,923	1,125,063	1,217,790
Expenditures							
Current							
Culture and recreation	12,248	--	62,249	48,704	--	--	123,201
Capital outlay	--	145,670	--	--	--	2,271,728	2,417,398
Total expenditures	12,248	145,670	62,249	48,704	--	2,271,728	2,540,599
Excess (deficiency) of revenues over expenditures	(3,654)	(90,994)	(54,539)	(38,880)	11,923	(1,146,665)	(1,322,809)
Other financing sources (uses)							
Transfers in	188,290	231,000	193,441	239,500	179,500	2,555,843	3,587,574
Transfers out	(73,641)	(129,853)	(120,993)	(36,936)	(141,440)	(1,223,250)	(1,726,113)
Total other financing sources (uses)	114,649	101,147	72,448	202,564	38,060	1,332,593	1,861,461
Net change in fund balances	110,995	10,153	17,909	163,684	49,983	185,928	538,652
Fund balances, beginning of year	621,577	1,212,964	592,889	645,534	835,819	1,348,367	5,257,150
Fund balances, end of year	<u>\$ 732,572</u>	<u>\$ 1,223,117</u>	<u>\$ 610,798</u>	<u>\$ 809,218</u>	<u>\$ 885,802</u>	<u>\$ 1,534,295</u>	<u>\$ 5,795,802</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISTRICT ONE CAPITAL PROJECT FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ --	\$ --	\$ 8,594	\$ 8,594
Total revenues	--	--	8,594	8,594
Expenditures				
Current				
Culture and recreation	118,386	736,226	12,248	723,978
Total expenditures	118,386	736,226	12,248	723,978
Excess (deficiency) of revenues over expenditures	(118,386)	(736,226)	(3,654)	732,572
Other financing sources (uses)				
Transfers in	118,386	188,290	188,290	--
Transfers out	--	(73,641)	(73,641)	--
Total other financing sources (uses)	118,386	114,649	114,649	--
Net change in fund balances	--	(621,577)	110,995	732,572
Fund balance, beginning of year	--	621,577	621,577	--
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 732,572</u>	<u>\$ 732,572</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISTRICT TWO CAPITAL PROJECT FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ 30,000	\$ 29,663	\$ (337)
Miscellaneous	--	10,000	25,013	15,013
Total revenues	--	40,000	54,676	14,676
Expenditures				
Current				
Culture and recreation	117,936	488,107	--	488,107
Capital outlay	--	143,000	145,670	(2,670)
Total expenditures	117,936	631,107	145,670	485,437
Excess (deficiency) of revenues over expenditures	(117,936)	(591,107)	(90,994)	500,113
Other financing sources (uses)				
Transfers in	118,386	231,000	231,000	--
Transfers out	(450)	(129,853)	(129,853)	--
Total other financing sources (uses)	117,936	101,147	101,147	--
Net change in fund balances	--	(489,960)	10,153	500,113
Fund balance, beginning of year	--	489,960	1,212,964	723,004
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,223,117</u>	<u>\$ 1,223,117</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISTRICT THREE CAPITAL PROJECT FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ --	\$ --	\$ 7,710	\$ 7,710
Total revenues	--	--	7,710	7,710
Expenditures				
Current				
Culture and recreation	112,336	665,337	62,249	603,088
Total expenditures	112,336	665,337	62,249	603,088
Excess (deficiency) of revenues over expenditures	(112,336)	(665,337)	(54,539)	610,798
Other financing sources (uses)				
Transfers in	118,386	193,441	193,441	--
Transfers out	(6,050)	(120,993)	(120,993)	--
Total other financing sources (uses)	112,336	72,448	72,448	--
Net change in fund balances	--	(592,889)	17,909	610,798
Fund balance, beginning of year	--	592,889	592,889	--
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 610,798</u>	<u>\$ 610,798</u>

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISTRICT FOUR CAPITAL PROJECT FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ --	\$ --	\$ 9,824	\$ 9,824
Total revenues	--	--	9,824	9,824
Expenditures				
Current				
Culture and recreation	115,386	848,096	48,704	799,392
Total expenditures	115,386	848,096	48,704	799,392
Excess (deficiency) of revenues over expenditures	(115,386)	(848,096)	(38,880)	809,216
Other financing sources (uses)				
Transfers in	118,386	239,500	239,500	--
Transfers out	(3,000)	(36,936)	(36,936)	--
Total other financing sources (uses)	115,386	202,564	202,564	--
Net change in fund balances	--	(645,532)	163,684	809,216
Fund balance, beginning of year	--	645,532	645,534	2
Fund balance, end of year	\$ --	\$ --	\$ 809,218	\$ 809,218

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
DISTRICT FIVE CAPITAL PROJECT FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ --	\$ --	\$ 11,923	\$ 11,923
Total revenues	--	--	11,923	11,923
Expenditures				
Current				
Culture and recreation	118,386	873,930	\$ --	\$ 873,930
Total expenditures	118,386	873,930	--	873,930
Excess (deficiency) of revenues over expenditures	(118,386)	(873,930)	11,923	885,853
Other financing sources (uses)				
Transfers in	118,386	179,500	179,500	--
Transfers out	--	(141,440)	(141,440)	--
Total other financing sources (uses)	118,386	38,060	38,060	--
Net change in fund balances	--	(835,870)	49,983	885,853
Fund balance, beginning of year	--	835,870	835,819	(51)
Fund balance, end of year	\$ --	\$ --	\$ 885,802	\$ 885,802

Santa Rosa County, Florida

**BUDGETARY COMPARISON SCHEDULE (GAAP Basis)
OTHER CAPITAL PROJECTS FUND**

Year ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ --	\$ 1,112,500	\$ 1,114,258	\$ 1,758
Miscellaneous	--	--	10,805	10,805
Total revenues	--	1,112,500	1,125,063	12,563
Expenditures				
Current				
Culture and recreation	--	1,463,869	--	1,463,869
Capital outlay	--	2,302,514	2,271,728	30,786
Total expenditures	--	3,766,383	2,271,728	1,494,655
Excess (deficiency) of revenues over expenditures	--	(2,653,883)	(1,146,665)	1,507,218
Other financing sources (uses)				
Transfers in	--	2,555,843	2,555,843	--
Transfers out	(1,057,290)	(1,223,250)	(1,223,250)	--
Total other financing sources (uses)	(1,057,290)	1,332,593	1,332,593	--
Net change in fund balances	(1,057,290)	(1,321,290)	185,928	1,507,218
Fund balance, beginning of year	1,057,290	1,321,290	1,348,367	27,077
Fund balance, end of year	\$ --	\$ --	\$ 1,534,295	\$ 1,534,295

NONMAJOR ENTERPRISE FUNDS

Inspections Fund - accounts for the license, permit and inspection fees and related expenses for the provision of inspection services to residents of the unincorporated areas of Santa Rosa County.

Peter Prince Fund - accounts for the operations of the Peter Prince Airport.

Santa Rosa County, Florida

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

September 30, 2018

		Peter Prince Field	Total Nonmajor Enterprise Funds
ASSETS	Inspections		
Current assets:			
Cash and cash equivalents	\$ 1,033,427	\$ 851,063	\$ 1,884,490
Accounts receivable	--	16,348	16,348
Due from other governments	--	25,792	25,792
Total current assets	1,033,427	893,203	1,926,630
Noncurrent assets			
Capital assets, net of accumulated depreciation	149,742	3,826,878	3,976,620
Total noncurrent assets	149,742	3,826,878	3,976,620
Total assets	1,183,169	4,720,081	5,903,250
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow on pension	482,791	10,254	493,045
Deferred outflow on health insurance subsidy	60,930	1,276	62,206
Total deferred outflows of resources	543,721	11,530	555,251
LIABILITIES			
Current liabilities			
Accounts payable	20,900	4,289	25,189
Accrued wages payable	47,282	789	48,071
Due to other governments	38,961	1,844	40,805
Compensated absences - current portion	117,512	--	117,512
Deposits	155,864	1,250	157,114
Total current liabilities	380,519	8,172	388,691
Noncurrent liabilities			
Long term portion of compensated absences	195,000	--	195,000
Net pension liability	1,022,978	21,590	1,044,568
Net health insurance subsidy liability	391,042	8,049	399,091
OPEB liability	177,653	2,328	179,981
Total noncurrent liabilities	1,786,673	31,967	1,818,640
Total liabilities	2,167,192	40,139	2,207,331
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow on pension	111,876	2,448	114,324
Deferred inflow on health insurance subsidy	51,144	1,105	52,249
Deferred inflow on OPEB	7,119	179	7,298
Total deferred inflows of resources	170,139	3,732	173,871
NET POSITION			
Net investment in capital assets	149,742	3,826,878	3,976,620
Unrestricted	(760,183)	860,862	100,679
Total net position	\$ (610,441)	\$ 4,687,740	\$ 4,077,299

Santa Rosa County, Florida

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS**

Year ended September 30, 2018

	<u>Inspections</u>	<u>Peter Prince Field</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues			
Permits, fees and special assessments	\$ 2,790,669	\$ --	\$ 2,790,669
Charges for services	9,099	299,295	308,394
Insurance proceeds	--	--	--
Miscellaneous	<u>1</u>	<u>73</u>	<u>74</u>
Total operating revenues	2,799,769	299,368	3,099,137
Operating expenses			
Personal services	1,899,795	44,585	1,944,380
Contract services	8,365	102,684	111,049
Supplies	21,911	--	21,911
Repairs and maintenance	7,878	60,788	68,666
Utilities	--	20,222	20,222
Depreciation	15,572	321,552	337,124
Travel and per diem	5,605	--	5,605
Insurance	49,950	--	49,950
Communications	19,102	224	19,326
Fuel and oil	28,961	--	28,961
Miscellaneous	<u>12,572</u>	<u>719</u>	<u>13,291</u>
Total operating expenses	2,069,711	550,774	2,620,485
Operating income (loss)	730,058	(251,406)	478,652
Non-operating revenues (expenses)			
Investment income	5,248	6,771	12,019
Gain (loss) on disposal of assets	<u>1,800</u>	<u>--</u>	<u>1,800</u>
Total non-operating revenues (expenses)	7,048	6,771	13,819
Income (loss) before contributions and transfers	737,106	(244,635)	492,471
Transfers out	--	(12,038)	(12,038)
Capital contribution	--	25,792	25,792
Creation of fund - excess of liabilities over assets	<u>(1,358,531)</u>	<u>--</u>	<u>(1,358,531)</u>
Change in net position	(621,425)	(230,881)	(852,306)
Net position, beginning of year	--	4,918,345	4,918,345
Adjustment for change in accounting principle	<u>10,984</u>	<u>276</u>	<u>11,260</u>
Net assets, beginning of year restated	<u>10,984</u>	<u>4,918,621</u>	<u>4,929,605</u>
Net position, end of year	<u>\$ (610,441)</u>	<u>\$ 4,687,740</u>	<u>\$ 4,077,299</u>

Santa Rosa County, Florida

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

Year ended September 30, 2018

	<u>Inspections</u>	<u>Peter Prince Field</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities			
Cash received from customers	\$ 2,799,769	\$ 277,628	\$ 3,077,397
Cash paid to suppliers	(150,794)	(182,364)	(333,158)
Cash paid to employees	<u>(1,540,001)</u>	<u>(44,605)</u>	<u>(1,584,606)</u>
Net cash provided (used) by operating activities	1,108,974	50,659	1,159,633
Cash flows from noncapital financing activities			
Transfers out	<u>--</u>	<u>(12,038)</u>	<u>(12,038)</u>
Net cash provided (used) by noncapital financing activities	--	(12,038)	(12,038)
Cash flows from capital and related financing activities			
Capital contribution	--	25,792	25,792
Purchases of capital assets	<u>(80,795)</u>	<u>--</u>	<u>(80,795)</u>
Net cash provided (used) by capital and related financing activities	(80,795)	25,792	(55,003)
Cash flows from investing activities			
Interest and dividends	<u>5,248</u>	<u>6,771</u>	<u>12,019</u>
Net cash provided (used) by investing activities	5,248	6,771	12,019
Net increase (decrease) in cash and cash equivalents	<u>1,033,427</u>	<u>71,184</u>	<u>1,104,611</u>
Cash and cash equivalents at beginning of year	<u>--</u>	<u>779,879</u>	<u>779,879</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,033,427</u></u>	<u><u>\$ 851,063</u></u>	<u><u>\$ 1,884,490</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 730,058	\$ (251,406)	\$ 478,652
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	15,572	321,552	337,124
Gain (loss) on disposal of capital assets	1,800	--	1,800
Creation of fund	(1,443,050)	--	(1,443,050)
Changes in assets and liabilities:			
Accounts receivable	--	4,052	4,052
Due from other governments	--	(25,792)	(25,792)
Accounts payable	20,900	(393)	20,507
Accrued compensation	47,282	(20)	47,262
Compensated absences	312,512	--	312,512
Due to other governments	38,961	114	39,075
OPEB liability	188,637	(27)	188,610
Deposits	155,864	200	156,064
Net pension liability	1,022,978	946	1,023,924
Net health insurance subsidy	391,042	(35)	391,007
Deferred outflows of resources	(543,721)	99	(543,622)
Deferred inflows of resources	<u>170,139</u>	<u>1,369</u>	<u>171,508</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,108,974</u></u>	<u><u>\$ 50,659</u></u>	<u><u>\$ 1,159,633</u></u>

FIDUCIARY FUNDS

AGENCY FUNDS

Clerk's Fine and Cost Fund – Traffic and other fines are collected by the Clerk and remitted to the various governmental agencies.

Clerk's Intangible Tax Fund – The Clerk collects intangible tax and remits to the Department of Revenue.

Clerk's Court Registry Fund - accounts for funds deposited pursuant to court order pending the outcome of legal action and are distributed by order of the court.

Clerk's State Documentary Stamp Fund – The Clerk collects documentary stamps tax as an agent for the State of Florida and remits the revenue, less commission, to the Department of Revenue.

Clerk's Suspense Fund – The Clerk collects fees for marriage licenses, spousal abuse and restitution. Also the Clerk Collects money for the State co-educational trust fund and attorney's fees. Distributions on payments and remittances are made as appropriate to the various agencies or individuals.

Clerk's Tax Redemption Fund - accounts for tax deed application fees and tax deed bids and makes distributions on payments as appropriate.

Clerk's Ordinary Witness Fund – accounts for the funds collected and paid to witnesses.

Clerk's Bail Bond Fund - accounts for the collection and disbursement of bond monies posted by individuals upon arrest. These monies are held by the Clerk until final disposition instructions are received from the court.

Clerk's Flower Trust Fund - accounts for the collection and disbursement of funds donated by employees to purchase flowers for certain occasions.

Tax Collector's Tax Fund - accounts for receipts of various types of taxes, licenses, and fees collected on behalf of state, county, and municipal governmental agencies.

Sheriff's Suspense Fund - accounts for the collection of monies obtained from the Sheriff's sale of abandoned and confiscated property, various court levies, writs of execution, and miscellaneous receipts and the subsequent disbursements to individuals, state agencies, and the Board of County Commissioners.

Sheriff's Seizure Fund - accounts for cash confiscated by the Sheriff's department which is held pending disposition.

Sheriff's Flower Fund – accounts for the collection and disbursement of funds donated by employees to purchase flowers for certain occasions.

Santa Rosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended September 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Clerk's Fine and Cost Fund				
Assets				
Cash	\$ 292,395	\$ 3,256,733	\$ 3,327,656	\$ 221,472
Total assets	<u>\$ 292,395</u>	<u>\$ 3,256,733</u>	<u>\$ 3,327,656</u>	<u>\$ 221,472</u>
Liabilities				
Accounts payable	\$ --	\$ 1,419,534	\$ 1,419,534	\$ --
Due to other governments	292,395	3,260,987	3,331,910	221,472
Total liabilities	<u>\$ 292,395</u>	<u>\$ 4,680,521</u>	<u>\$ 4,751,444</u>	<u>\$ 221,472</u>
Clerk's Intangible Tax Fund				
Assets				
Cash	\$ 106,672	\$ 2,905,573	\$ 2,885,165	\$ 127,080
Total assets	<u>\$ 106,672</u>	<u>\$ 2,905,573</u>	<u>\$ 2,885,165</u>	<u>\$ 127,080</u>
Liabilities				
Due to other governments	\$ 106,672	\$ 2,905,573	\$ 2,885,165	\$ 127,080
Total liabilities	<u>\$ 106,672</u>	<u>\$ 2,905,573</u>	<u>\$ 2,885,165</u>	<u>\$ 127,080</u>
Clerk's Court Registry Fund				
Assets				
Cash	\$ 1,638,133	\$ 14,885,361	\$ 15,178,052	\$ 1,345,442
Total assets	<u>\$ 1,638,133</u>	<u>\$ 14,885,361</u>	<u>\$ 15,178,052</u>	<u>\$ 1,345,442</u>
Liabilities				
Accounts payable	\$ --	\$ 13,118,598	\$ 13,118,598	\$ --
Deposits	1,638,133	14,885,643	15,178,334	1,345,442
Total liabilities	<u>\$ 1,638,133</u>	<u>\$ 28,004,241</u>	<u>\$ 28,296,932</u>	<u>\$ 1,345,442</u>
Clerk's State Documentary Stamp Fund				
Assets				
Cash	\$ 604,116	\$ 17,115,467	\$ 16,977,027	\$ 742,556
Total assets	<u>\$ 604,116</u>	<u>\$ 17,115,467</u>	<u>\$ 16,977,027</u>	<u>\$ 742,556</u>
Liabilities				
Due to other governments	\$ 604,116	\$ 17,115,467	\$ 16,977,027	\$ 742,556
Total liabilities	<u>\$ 604,116</u>	<u>\$ 17,115,467</u>	<u>\$ 16,977,027</u>	<u>\$ 742,556</u>

Continued

Santa Rosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended September 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Clerk's Suspense Fund				
Assets				
Cash	\$ 61,911	\$ 1,025,762	\$ 1,026,532	\$ 61,141
Total assets	<u>\$ 61,911</u>	<u>\$ 1,025,762</u>	<u>\$ 1,026,532</u>	<u>\$ 61,141</u>
Liabilities				
Accounts payable	\$ 2,802	\$ 305,304	\$ 307,468	\$ 638
Due to other governments	59,109	886,595	885,201	60,503
Total liabilities	<u>\$ 61,911</u>	<u>\$ 1,191,899</u>	<u>\$ 1,192,669</u>	<u>\$ 61,141</u>
Clerk's Tax Redemption Fund				
Assets				
Cash	\$ 741,460	\$ 538,660	\$ 558,888	\$ 721,232
Total assets	<u>\$ 741,460</u>	<u>\$ 538,660</u>	<u>\$ 558,888</u>	<u>\$ 721,232</u>
Liabilities				
Deposits	\$ 741,460	\$ 726,103	\$ 746,331	\$ 721,232
Total liabilities	<u>\$ 741,460</u>	<u>\$ 726,103</u>	<u>\$ 746,331</u>	<u>\$ 721,232</u>
Clerk's Ordinary Witness Fund				
Assets				
Cash	\$ 26,931	\$ 7,951	\$ 25,786	\$ 9,096
Due from other governments	11,883	--	11,883	--
Total assets	<u>\$ 38,814</u>	<u>\$ 7,951</u>	<u>\$ 37,669</u>	<u>\$ 9,096</u>
Liabilities				
Accounts payable	\$ 38,814	\$ 26,128	\$ 64,942	\$ --
Due to other governments	--	9,096	--	9,096
Total liabilities	<u>\$ 38,814</u>	<u>\$ 35,224</u>	<u>\$ 64,942</u>	<u>\$ 9,096</u>
Clerk's Bail Bond Fund				
Assets				
Cash	\$ 248,652	\$ 1,041,514	\$ 1,063,476	\$ 226,690
Total assets	<u>\$ 248,652</u>	<u>\$ 1,041,514</u>	<u>\$ 1,063,476</u>	<u>\$ 226,690</u>
Liabilities				
Accounts payable	\$ --	\$ 1,063,269	\$ 1,063,269	\$ --
Deposits	248,652	1,041,496	1,063,458	226,690
Total liabilities	<u>\$ 248,652</u>	<u>\$ 2,104,765</u>	<u>\$ 2,126,727</u>	<u>\$ 226,690</u>
				Continued

Santa Rosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended September 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Clerk's Flower Trust Fund				
Assets				
Cash	\$ 1,594	\$ 844	\$ 880	\$ 1,558
Total assets	<u>\$ 1,594</u>	<u>\$ 844</u>	<u>\$ 880</u>	<u>\$ 1,558</u>
Liabilities				
Deposits	\$ 1,594	\$ 844	\$ 880	\$ 1,558
Total liabilities	<u>\$ 1,594</u>	<u>\$ 844</u>	<u>\$ 880</u>	<u>\$ 1,558</u>
Tax Collector's Tax Fund				
Assets				
Cash	\$ 1,395,017	\$ 163,754,715	\$ 163,889,809	\$ 1,259,923
Accounts receivable	155,939	74,583,251	74,582,346	156,844
Due from other governments	--	17,939	--	17,939
Total assets	<u>\$ 1,550,956</u>	<u>\$ 238,355,905</u>	<u>\$ 238,472,155</u>	<u>\$ 1,434,706</u>
Liabilities				
Due to other governments	1,525,969	36,480,765	36,602,901	1,403,833
Miscellaneous	24,987	1,419,123	1,413,237	30,873
Total liabilities	<u>\$ 1,550,956</u>	<u>\$ 37,899,888</u>	<u>\$ 38,016,138</u>	<u>\$ 1,434,706</u>
Sheriff's Suspense Fund				
Assets				
Cash	\$ 15,301	\$ 139,332	\$ 146,412	\$ 8,221
Total assets	<u>\$ 15,301</u>	<u>\$ 139,332</u>	<u>\$ 146,412</u>	<u>\$ 8,221</u>
Liabilities				
Accounts payable	\$ 15,301	\$ 67,961	\$ 75,041	\$ 8,221
Total liabilities	<u>\$ 15,301</u>	<u>\$ 67,961</u>	<u>\$ 75,041</u>	<u>\$ 8,221</u>
Sheriff's Seizure Fund				
Assets				
Cash	\$ 14,168	\$ 35,802	\$ 45,441	\$ 4,529
Due from other governments	7	--	7	--
Total assets	<u>\$ 14,175</u>	<u>\$ 35,802</u>	<u>\$ 45,448</u>	<u>\$ 4,529</u>
Liabilities				
Deposits	\$ 14,175	\$ 16,485	\$ 26,131	\$ 4,529
Total liabilities	<u>\$ 14,175</u>	<u>\$ 16,485</u>	<u>\$ 26,131</u>	<u>\$ 4,529</u>
				Continued

Santa Rosa County, Florida
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended September 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Sheriff's Flower Fund				
Assets				
Cash	\$ 17,058	\$ 7,027	\$ 6,653	\$ 17,432
Total assets	<u>\$ 17,058</u>	<u>\$ 7,027</u>	<u>\$ 6,653</u>	<u>\$ 17,432</u>
Liabilities				
Deposits	\$ 17,058	\$ 2,779	\$ 2,405	\$ 17,432
Total liabilities	<u>\$ 17,058</u>	<u>\$ 2,779</u>	<u>\$ 2,405</u>	<u>\$ 17,432</u>
TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 5,163,408	\$ 204,714,741	\$ 205,131,777	\$ 4,746,372
Accounts receivable	155,939	74,583,251	74,582,346	156,844
Due from other governments	<u>11,890</u>	<u>17,939</u>	<u>11,890</u>	<u>17,939</u>
Total assets	<u>\$ 5,331,237</u>	<u>\$ 279,315,931</u>	<u>\$ 279,726,013</u>	<u>\$ 4,921,155</u>
Liabilities				
Accounts payable	\$ 56,917	\$ 16,000,794	\$ 16,048,852	\$ 8,859
Deposits	2,661,072	16,673,350	17,017,539	2,316,883
Due to other governments	2,588,261	60,658,483	60,682,204	2,564,540
Miscellaneous	<u>24,987</u>	<u>1,419,123</u>	<u>1,413,237</u>	<u>30,873</u>
Total liabilities	<u>\$ 5,331,237</u>	<u>\$ 94,751,750</u>	<u>\$ 95,161,832</u>	<u>\$ 4,921,155</u>



STATISTICAL SECTION

Statistical Section

This part of Santa Rosa County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	125
Revenue Capacity These schedules contain information to help the reader assess the governments most significant local revenue source, the property tax.	131
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	135
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment which the government's financial activities take place.	138
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

SANTA ROSA COUNTY, FLORIDA
NET POSITION BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 143,184,358	\$ 132,776,964	\$ 129,188,217	\$ 131,087,734	\$ 133,506,512
Restricted	12,357,781	12,873,156	33,879,516	32,382,803	22,387,475
Unrestricted	<u>21,641,186</u>	<u>41,592,657</u>	<u>22,477,043</u>	<u>24,272,173</u>	<u>27,789,157</u>
Governmental activities net position	<u>177,183,325</u>	<u>187,242,777</u>	<u>185,544,776</u>	<u>187,742,710</u>	<u>183,683,144</u>
Business-type activities					
Net investment in capital assets	11,436,237	11,026,751	10,349,909	10,411,539	11,055,493
Restricted	3,617,674	3,806,625	3,928,968	4,061,168	4,752,608
Unrestricted	<u>(3,279,926)</u>	<u>(2,870,535)</u>	<u>(2,070,174)</u>	<u>510,657</u>	<u>138,096</u>
Business-type activities net position	<u>11,773,985</u>	<u>11,962,841</u>	<u>12,208,703</u>	<u>14,983,364</u>	<u>15,946,197</u>
Primary Government					
Net investment in capital assets	154,620,595	143,803,715	139,538,126	141,499,273	144,562,005
Restricted	15,975,455	16,679,781	37,808,484	36,443,971	27,140,083
Unrestricted	<u>18,361,260</u>	<u>38,722,122</u>	<u>20,406,869</u>	<u>24,782,830</u>	<u>27,927,253</u>
Primary government net position	<u>\$ 188,957,310</u>	<u>\$ 199,205,618</u>	<u>\$ 197,753,479</u>	<u>\$ 202,726,074</u>	<u>\$ 199,629,341</u>
	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 130,795,701	\$ 135,370,552	\$ 139,306,062	\$ 138,455,254	\$ 143,546,487
Restricted	23,548,402	25,790,229	14,142,440	18,257,036	16,813,623
Unrestricted	<u>29,782,242</u>	<u>(5,401,187)</u>	<u>3,139,025</u>	<u>3,552,425</u>	<u>8,509,671</u>
Governmental activities net position	<u>184,126,345</u>	<u>155,759,594</u>	<u>156,587,527</u>	<u>160,264,715</u>	<u>168,869,781</u>
Business-type activities					
Net investment in capital assets	11,967,295	12,195,766	14,179,449	14,826,919	17,650,472
Restricted	4,966,334	5,226,306	8,639,599	10,035,008	521,014
Unrestricted	<u>(163,114)</u>	<u>872,240</u>	<u>(512,914)</u>	<u>1,665,310</u>	<u>5,250,192</u>
Business-type activities net position	<u>16,770,515</u>	<u>18,294,312</u>	<u>22,306,134</u>	<u>26,527,237</u>	<u>23,421,678</u>
Primary Government					
Net investment in capital assets	142,762,996	147,566,318	153,485,511	153,282,173	161,196,959
Restricted	28,514,736	31,016,535	22,782,039	28,292,044	17,334,637
Unrestricted	<u>29,619,128</u>	<u>(4,528,947)</u>	<u>2,626,111</u>	<u>5,217,735</u>	<u>13,759,863</u>
Primary government net position	<u>\$ 200,896,860</u>	<u>\$ 174,053,906</u>	<u>\$ 178,893,661</u>	<u>\$ 186,791,952</u>	<u>\$ 192,291,459</u>

SANTA ROSA COUNTY, FLORIDA
CHANGES IN NET POSITION - EXPENSES
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

Expenses	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
General government	\$ 34,372,227	\$ 30,657,305	\$ 30,666,338	\$ 32,570,186	\$ 35,322,678
Public safety	41,251,412	40,266,771	41,858,922	38,621,376	39,189,911
Physical environment	2,598,684	2,556,442	4,523,435	4,858,171	3,697,513
Transportation	17,308,186	17,889,846	17,598,242	17,262,229	15,368,137
Economic environment	2,880,164	4,496,371	3,671,637	2,512,105	2,842,783
Human services	4,193,707	3,554,907	4,395,636	5,355,802	5,297,919
Culture and recreation	3,508,321	3,149,230	4,233,967	2,837,640	1,220,483
Interest on long-term debt	603,733	586,781	452,183	310,886	248,439
Total governmental activities	106,716,434	103,157,653	107,400,360	104,328,395	103,187,863
Business-type activities:					
Navarre Beach water and sewer	2,080,665	2,019,732	2,374,547	1,790,622	1,774,576
Peter Prince Airport	417,409	437,612	377,015	531,658	505,658
Landfill	4,172,685	3,853,990	4,199,966	2,621,080	3,700,852
Total business-type activities	6,670,759	6,311,334	6,951,528	4,943,360	5,981,086
Total government expenses	<u>\$ 113,387,193</u>	<u>\$ 109,468,987</u>	<u>\$ 114,351,888</u>	<u>\$ 109,271,755</u>	<u>\$ 109,168,949</u>

Expenses	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
General government	\$ 32,077,210	\$ 33,323,950	\$ 34,534,581	\$ 37,755,441	\$ 34,666,832
Public safety	43,539,307	43,855,080	47,580,239	53,019,105	56,939,023
Physical environment	2,670,154	3,232,111	16,540,405	2,998,450	5,972,999
Transportation	18,931,798	6,301,085	12,053,535	18,934,987	16,294,559
Economic environment	3,677,666	4,138,167	3,585,571	4,199,033	4,719,843
Human services	5,557,949	5,632,639	5,209,959	5,057,580	4,757,808
Culture and recreation	4,053,156	4,458,293	4,430,637	4,936,498	5,603,068
Interest on long-term debt	189,570	151,820	851,086	(426,343)	145,914
Total governmental activities	110,696,810	101,093,145	124,786,013	126,474,751	129,100,046
Business-type activities:					
Navarre Beach water and sewer	1,959,739	1,840,277	2,019,652	2,189,343	2,263,432
Inspections					2,069,711
Peter Prince Airport	448,747	434,803	439,498	1,693,306	550,774
Landfill	4,241,176	4,661,715	4,072,679	4,696,121	11,583,634
Total business-type activities	6,649,662	6,936,795	6,531,829	8,578,770	16,467,551
Total government expenses	<u>\$ 117,346,472</u>	<u>\$ 108,029,940</u>	<u>\$ 131,317,842</u>	<u>\$ 135,053,521</u>	<u>\$ 145,567,597</u>

* Inspections was implemented as a separate business-type activity starting FY 2018

SANTA ROSA COUNTY, FLORIDA
CHANGES IN NET POSITION - PROGRAM REVENUES
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year				
Program Revenues	2009	2010	2011	2012	2013
Governmental activities:					
Charges for services:					
General government	\$ 20,792,814	\$ 17,839,533	\$ 16,787,093	\$ 18,081,960	\$ 18,032,139
Public safety	6,143,837	8,842,111	7,872,698	4,370,643	3,577,641
Physical environment	1,065,075	434,242	885,379	5,782,002	5,165,440
Transportation	3,179,299	38,956	2,395,630	261,684	246,785
Human services	48,816	40,706	37,986	36,603	32,892
Culture and recreation	49,957	204,803	365,280	380,985	336,709
Operating grants and contributions	9,930,694	20,024,216	8,472,055	8,833,949	5,819,975
Capital grants and contributions	7,797,224	15,251	1,776,494	5,162,953	2,018,166
Total governmental activities program revenues:	49,007,716	47,439,818	38,592,615	42,910,779	35,229,747
Business-type activities:					
Charges for services:					
Navarre Beach water and sewer	1,892,873	1,740,672	1,726,313	1,690,378	1,880,831
Peter Prince Airport	204,100	227,890	240,224	231,914	250,643
Landfill	4,316,713	4,064,536	4,048,903	4,057,528	4,290,879
Capital grants and contributions	3,472	134,404	424,359	680,971	347,459
Total business-type activities	6,417,158	6,167,502	6,439,799	6,660,791	6,769,812
Total government program revenues	\$ 55,424,874	\$ 53,607,320	\$ 45,032,414	\$ 49,571,570	\$ 41,999,559
Net (Expense)/Revenue					
Governmental activities	\$ (57,708,718)	\$ (55,717,835)	\$ (68,807,745)	\$ (61,417,616)	(67,958,116)
Business-type activities	(253,601)	(143,832)	(511,729)	1,717,431	788,726
Total government net expense	\$ (57,962,319)	\$ (55,861,667)	\$ (69,319,474)	\$ (59,700,185)	\$ (67,169,390)

	Fiscal Year				
Program Revenues	2014	2015	2016	2017	2018
Governmental activities:					
Charges for services:					
General government	\$ 19,838,193	\$ 20,486,568	\$ 20,165,926	\$ 21,197,918	\$ 21,841,976
Public safety	4,699,449	7,228,652	7,526,515	6,896,820	3,244,589
Physical environment	5,707,544	5,431,080	4,680,733	4,905,470	4,795,879
Transportation	191,636	146,383	47,551	89,554	1,930
Human services	37,188	33,079	37,259	40,752	41,886
Culture and recreation	403,688	391,097	488,274	494,203	497,209
Operating grants and contributions	3,881,017	2,760,609	12,902,748	3,682,161	5,828,954
Capital grants and contributions	3,884,357	2,879,592	3,091,704	819,579	4,137,239
Total governmental activities program revenues:	38,643,072	39,357,060	48,940,710	38,126,457	40,389,662
Business-type activities:					
Charges for services:					
Navarre Beach water and sewer	1,904,215	2,091,096	2,124,356	2,163,525	2,242,090
Inspections	-	-	-	-	2,799,768
Peter Prince Airport	253,484	269,440	297,943	297,426	299,295
Landfill	4,808,104	5,886,791	7,965,978	9,503,609	9,677,360
Capital grants and contributions	329,224	815,405	67,154	1,080,363	33,819
Total business-type activities	7,295,027	9,062,732	10,455,431	13,044,923	15,052,332
Total government program revenues	\$ 45,938,099	\$ 48,419,792	\$ 59,396,141	\$ 51,171,380	\$ 55,441,994
Net (Expense)/Revenue					
Governmental activities	\$ (72,053,738)	\$ (61,736,085)	\$ (75,845,303)	\$ (88,348,294)	\$ (88,710,384)
Business-type activities	645,365	2,125,937	3,923,602	4,466,153	(1,415,219)
Total government net expense	\$ (71,408,373)	\$ (59,610,148)	\$ (71,921,701)	\$ (83,882,141)	\$ (90,125,603)

* Inspections was implemented as a separate business-type activity starting FY 2018

SANTA ROSA COUNTY, FLORIDA
CHANGES IN NET POSITION - GENERAL REVENUES AND OTHER CHANGES
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 50,146,574	\$ 47,020,365	\$ 44,677,921	\$ 44,209,879	\$ 42,806,636
Sales, use and fuel taxes	4,622,118	4,525,645	4,688,107	4,965,861	5,106,283
Franchise fees	-	-	-	-	-
Communication services taxes	1,742,117	1,597,163	1,484,790	1,461,621	1,474,562
Unrestricted grants and contributions	8,513,389	11,519,481	15,243,479	12,523,404	13,029,453
Unrestricted investment earnings	600,437	397,078	292,746	431,939	137,829
Miscellaneous	629,985	516,773	663,315	595,156	1,344,805
Gain on sale of assets	52,925	200,781	119,561	65,596	24,041
Transfers	-	-	-	(637,906)	(25,060)
Total governmental activities	66,307,545	65,777,286	67,169,919	63,615,550	63,898,549
Business-type activities:					
Unrestricted investment earnings	162,599	116,436	50,544	112,147	30,161
Miscellaneous	658	9,270	332,436	341	2,660
Gain on sale of assets	53,013	206,982	374,611	306,836	116,226
Transfers	-	-	-	637,906	25,060
Total business-type activities	216,270	332,688	757,591	1,057,230	174,107
Total government	<u>\$ 66,523,815</u>	<u>\$ 66,109,974</u>	<u>\$ 67,927,510</u>	<u>\$ 64,672,780</u>	<u>\$ 64,072,656</u>
Change in Net Position					
Governmental activities	\$ 8,598,827	\$ 10,059,451	\$ (1,637,826)	\$ 2,197,934	\$ (4,059,567)
Business-type activities	(37,331)	188,856	245,862	2,774,661	962,833
Total government	<u>\$ 8,561,496</u>	<u>\$ 10,248,307</u>	<u>\$ (1,391,964)</u>	<u>\$ 4,972,595</u>	<u>\$ (3,096,734)</u>
	Fiscal Year				
	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 48,305,322	\$ 46,335,319	\$ 49,251,991	\$ 49,696,434	\$ 51,841,396
Sales, use and fuel taxes	5,521,730	6,182,387	9,220,510	15,431,701	22,250,020
Communication services taxes	1,415,391	1,363,480	1,264,504	1,179,568	1,246,878
Unrestricted grants and contributions	13,791,230	14,226,746	14,929,576	15,654,668	15,716,188
Unrestricted investment earnings	87,033	163,795	309,686	539,578	1,235,761
Miscellaneous	1,675,778	2,322,467	1,696,967	8,988,712	2,497,875
Gain on sale of assets	1,700,455	-	-	-	-
Transfers	-	(142,066)	-	534,822	2,063,351
Total governmental activities	72,496,939	70,452,128	76,673,234	92,025,483	96,851,469
Business-type activities:					
Unrestricted grants and contributions	10,611	57,894	-	-	-
Unrestricted investment earnings	36,488	6,660	91,861	139,703	243,890
Miscellaneous	21,402	235,101	11,044	61,301	35,852
Gain on sale of assets	110,452	-	85,312	69,882	67,771
Transfers	-	142,066	-	(515,937)	(2,063,351)
Total business-type activities	178,953	441,721	188,217	(245,051)	(1,715,838)
Total government	<u>\$ 72,675,892</u>	<u>\$ 70,893,849</u>	<u>\$ 76,861,451</u>	<u>\$ 91,780,432</u>	<u>\$ 95,135,631</u>
Change in Net Position					
Governmental activities	\$ 443,201	\$ 8,716,043	\$ 827,931	\$ 3,677,189	\$ 8,141,085
Business-type activities	824,318	2,567,658	4,111,819	4,221,102	(3,131,057)
Total government	<u>\$ 1,267,519</u>	<u>\$ 11,283,701</u>	<u>\$ 4,939,750</u>	<u>\$ 7,898,291</u>	<u>\$ 5,010,028</u>

SANTA ROSA COUNTY, FLORIDA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

PRE-GASB 54	Fiscal Year	
	2009	2010
General Fund		
Reserved	\$ 1,787,743	\$ 2,108,206
Unreserved	13,401,079	17,823,783
Total general fund	<u>\$ 15,188,822</u>	<u>\$ 19,931,989</u>

All Other Governmental Funds		
Reserved	\$ 11,116,988	\$ 11,238,664
Unreserved, reported in:		
Special revenue funds	23,889,590	26,447,747
Capital project funds	156,178	227,762
Debt service funds	6,326,484	5,839,991
Permanent fund*	158,539	171,900
Total all other governmental funds	<u>\$ 41,647,779</u>	<u>\$ 43,926,064</u>

POST-GASB 54	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable								
Nonspendable	\$ 162,936	\$ 135,386	\$ 82,751	\$ 107,193	\$ 90,672	\$ 62,459	\$ 72,278	\$ 69,487
Spendable								
Restricted	1,527,274	1,407,140	1,456,353	1,733,869	1,901,139	2,033,211	2,154,342	2,241,173
Committed	3,596,262	3,596,898	3,597,664	3,598,490	3,599,211	3,599,876	3,600,551	3,601,260
Assigned	178,708	190,222	195,317	8,586,073	8,805,007	2,967,560	2,797,226	3,068,669
Unassigned	22,512,271	22,187,824	25,370,006	23,606,591	24,700,673	31,055,759	33,735,553	37,463,097
Total general fund	<u>\$ 27,977,451</u>	<u>\$ 27,517,470</u>	<u>\$ 30,702,091</u>	<u>\$ 37,632,216</u>	<u>\$ 39,096,702</u>	<u>\$ 39,718,865</u>	<u>\$ 42,359,950</u>	<u>\$ 46,443,686</u>
All Other Governmental Funds								
Nonspendable								
Nonspendable	\$ 351,155	\$ 425,346	\$ 519,971	\$ 304,885	\$ 318,926	\$ 315,881	\$ 354,955	\$ 345,224
Spendable								
Restricted	22,107,029	15,894,090	10,872,229	12,011,918	11,021,558	12,109,229	16,102,694	14,572,450
Committed	6,364,033	11,188,029	9,486,005	9,462,579	9,008,363	8,385,969	9,236,431	4,329,835
Assigned	11,313,604	11,992,066	9,669,577	6,676,129	7,258,486	8,907,488	9,791,607	10,901,802
Unassigned	-	(173,433)	(226,872)	(1,135,383)	(208,078)	(1,695,801)	(787,135)	(438,508)
Total all other governmental funds	<u>\$ 40,135,821</u>	<u>\$ 39,326,098</u>	<u>\$ 30,320,910</u>	<u>\$ 27,320,128</u>	<u>\$ 27,399,255</u>	<u>\$ 28,022,766</u>	<u>\$ 34,698,552</u>	<u>\$ 29,710,803</u>

Note: Two years data available for GASB 34 compliance.
Eight years data available for GASB 54 compliance which was adopted in 2011.

SANTA ROSA COUNTY, FLORIDA
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS
(UNAUDITED)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 56,510,809	\$ 53,143,173	\$ 50,850,818	\$ 50,637,361	\$ 49,387,481	\$ 55,242,443	\$ 53,881,186	\$ 59,737,006	\$ 66,307,703	\$ 75,338,294
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Permits, fees and special assessments (1)	12,961,936	13,138,557	13,012,151	12,574,192	12,310,017	13,251,694	13,213,555	13,747,389	14,185,289	11,769,439
Intergovernmental	26,583,572	31,806,237	26,153,628	24,970,033	21,050,905	21,745,969	20,163,571	31,201,335	20,450,515	25,909,785
Charges for services	12,609,170	9,350,556	10,583,584	10,487,027	10,559,196	12,285,986	15,335,216	14,661,408	14,913,717	13,851,454
Fines and forfeitures	1,107,522	469,775	554,746	482,381	600,577	1,270,224	1,463,623	1,412,344	1,444,898	1,347,679
Miscellaneous	2,622,015	2,494,784	2,735,551	4,060,676	3,586,195	5,652,134	3,376,219	3,166,862	3,479,581	4,184,541
Total revenues	112,395,024	110,403,082	103,890,478	103,211,670	97,494,371	109,448,450	107,433,370	123,926,344	120,781,703	132,401,192
Expenditures										
General government	28,098,472	25,671,723	23,179,032	27,362,444	25,555,181	27,665,859	28,832,963	28,320,515	30,187,666	29,643,720
Public safety	41,475,089	38,266,843	41,980,720	37,917,752	39,773,530	43,474,891	45,351,135	43,704,141	48,958,472	55,091,743
Physical environment	2,484,976	2,513,191	4,464,070	4,822,389	3,578,143	2,547,824	3,257,125	16,356,077	2,835,197	6,303,950
Transportation	17,096,856	16,513,066	16,633,682	15,690,345	19,317,046	17,551,654	12,885,058	13,640,571	15,923,262	19,313,501
Economic environment	2,801,944	4,432,576	3,676,051	2,516,642	2,752,647	3,607,947	4,068,837	3,427,798	4,203,529	4,581,029
Human services	4,209,983	3,517,648	4,457,683	5,468,780	5,215,463	5,449,681	5,944,871	5,003,386	5,046,765	4,746,285
Culture and recreation	3,001,173	2,816,448	3,149,088	2,695,246	2,875,555	2,867,276	3,235,694	2,916,554	3,307,556	4,480,244
Capital outlay	11,859,687	7,543,886	215,166	1,048,244	2,191,074	488,191	349,049	12,644,982	1,770	2,417,398
Debt service										
Principal	2,470,274	2,740,258	5,606,394	5,618,597	1,430,597	1,259,276	1,193,194	1,773,560	1,428,549	1,968,707
Interest	563,745	636,800	585,792	310,886	213,123	172,712	134,732	196,066	156,236	154,384
Total expenditures	114,062,199	104,652,439	103,947,678	103,451,325	102,902,359	105,085,311	105,252,658	127,983,650	112,049,002	128,700,961
Excess of revenues over (under) expenditures	(1,667,175)	5,750,643	(57,200)	(239,655)	(5,407,988)	4,363,139	2,180,712	(4,057,306)	8,732,701	3,700,231
Other financing sources (uses)										
Transfers in	12,972,086	12,372,912	12,300,499	19,908,478	8,953,304	10,209,704	12,423,537	13,448,087	12,237,875	20,409,367
Transfers out	(12,972,086)	(12,372,912)	(12,300,499)	(21,046,384)	(9,429,123)	(10,705,368)	(13,065,603)	(13,398,087)	(11,703,053)	(20,744,047)
New debt issue	5,194,500	1,287,870	1,507,000	-	-	-	-	5,279,240	-	1,604,000
Refunding debt	-	-	4,400,208	268,350	-	-	-	-	-	-
Payments to escrow agent	-	-	(1,528,789)	-	-	-	-	-	-	-
Total other financing sources (uses)	5,194,500	1,287,870	4,378,419	(869,556)	(475,819)	(495,664)	(642,066)	5,329,240	534,822	1,269,320
Net change in fund balances	\$ 3,527,325	\$ 7,038,513	\$ 4,321,219	\$ (1,109,211)	\$ (5,883,807)	\$ 3,867,475	\$ 1,538,646	\$ 1,271,934	\$ 9,267,523	\$ 4,969,551
Debt service as a percentage of noncapital expenditures	3%	3%	6%	6%	2%	1%	1%	2%	1%	2%

(1) The state mandated chart of accounts was modified to move special assessments from Miscellaneous to a newly named category Permits, Fees and Special Assessments.

SANTA ROSA COUNTY, FLORIDA
JUST AND TAXABLE VALUE OF REAL AND PERSONAL PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	Real Property	Personal Property	REAL PROPERTY EXEMPTIONS	PERSONAL PROPERTY EXEMPTIONS	Less: Tax Exempt Property	REAL PROPERTY TAXABLE VALUE	PERSONAL PROPERTY TAXABLE VALUE	TOTAL JUST VALUE	Total Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 12,407,795,204	\$ 626,124,722	\$ 4,984,837,837	\$ 72,336,682	\$ 5,057,174,519	\$ 7,422,957,367	\$ 553,788,040	\$ 13,033,919,926	\$ 7,976,745,407	6.0953
2010	\$ 11,586,091,871	\$ 617,342,498	\$ 4,584,028,162	\$ 52,183,196	\$ 4,636,211,358	\$ 7,002,063,709	\$ 565,159,302	\$ 12,203,434,369	\$ 7,567,223,011	6.0953
2011	\$ 11,267,512,706	\$ 594,370,347	\$ 4,441,618,585	\$ 51,297,345	\$ 4,492,915,930	\$ 6,825,894,121	\$ 543,073,002	\$ 11,861,883,053	\$ 7,368,967,123	6.0953
2012	\$ 10,757,912,195	\$ 629,709,562	\$ 4,112,453,855	\$ 51,555,173	\$ 4,164,009,028	\$ 6,645,458,340	\$ 578,154,389	\$ 11,387,621,757	\$ 7,223,612,729	6.0953
2013	\$ 10,868,923,522	\$ 624,513,661	\$ 4,126,017,929	\$ 50,179,329	\$ 4,176,197,258	\$ 6,742,905,593	\$ 574,334,332	\$ 11,493,437,183	\$ 7,317,239,925	6.0953
2014	\$ 11,632,334,984	\$ 605,255,817	\$ 4,497,322,031	\$ 50,842,317	\$ 4,548,164,348	\$ 7,135,012,953	\$ 554,413,500	\$ 12,237,590,801	\$ 7,689,426,453	6.0953
2015	\$ 11,995,646,721	\$ 627,728,822	\$ 4,514,497,235	\$ 349,017,918	\$ 4,863,515,153	\$ 7,481,149,486	\$ 278,710,904	\$ 12,623,375,543	\$ 7,759,860,390	6.0953
2016	\$ 12,499,933,594	\$ 661,823,887	\$ 4,740,517,328	\$ 51,988,439	\$ 4,792,505,767	\$ 7,759,416,266	\$ 609,835,448	\$ 13,161,757,481	\$ 8,369,251,714	6.0953
2017	\$ 13,127,940,336	\$ 680,101,947	\$ 4,967,098,700	\$ 48,847,262	\$ 5,015,945,962	\$ 8,160,841,636	\$ 631,254,685	\$ 13,808,042,283	\$ 8,792,096,321	6.0953
2018	\$ 14,345,023,878	\$ 747,289,282	\$ 4,746,010,616	\$ 75,186,719	\$ 4,821,197,335	\$ 9,599,013,262	\$ 672,102,563	\$ 15,092,313,160	\$10,271,115,825	6.0953

Source: Property Appraiser, Santa Rosa County

**SANTA ROSA COUNTY, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

YEAR	SANTA ROSA COUNTY OPERATING MILLAGE				OVERLAPPING RATES							TOTAL MILLAGE
	GENERAL FUND	ROAD & BRIDGE FUND	FINE & FORFEITURE FUND	TOTAL COUNTY	SCHOOL BOARD OPERATING MILLAGE	CITY OF GULF BREEZE OPERATING MILLAGE	CITY OF MILTON OPERATING MILLAGE	CITY OF JAY OPERATING MILLAGE	AVALON- MULAT FIRE DISTRICT MILLAGE	MIDWAY FIRE DISTRICT MILLAGE	NW FLORIDA WATER MANAGEMENT MILLAGE	
2009	5.5443	0.5350	0.0160	6.0953	7.4200	1.9000	3.2373	2.0000	1.0000	1.4000	0.0450	23.0976
2010	5.8215	0.2417	0.0321	6.0953	7.5750	1.9000	3.2373	2.0000	1.0000	1.4000	0.0450	23.2526
2011	5.9793	0.1040	0.0120	6.0953	7.7260	1.9000	3.2373	2.0000	1.0000	1.4000	0.0450	23.4036
2012	5.9793	0.1040	0.0120	6.0953	7.9160	1.9000	3.2373	2.0000	1.0000	1.4000	0.0400	23.5886
2013	5.9793	0.1040	0.0120	6.0953	7.6680	1.9000	3.2730	2.0000	1.0000	1.6000	0.0400	23.5763
2014	6.0856	-	0.0097	6.0953	7.4430	1.9723	3.2373	2.0000	2.0000	1.7500	0.0390	24.5369
2015	6.0953	-	-	6.0953	7.2020	1.9723	3.2373	2.0000	2.0000	1.7500	0.0378	24.2947
2016	6.0953	-	-	6.0953	6.8400	1.9723	3.2373	2.0000	2.0000	1.8500	0.0366	24.0315
2017	6.0953	-	-	6.0953	6.8400	1.9723	3.2373	2.0000	2.0000	1.8500	0.0353	24.0302
2018	6.0953	-	-	6.0953	6.2990	1.9723	3.2373	2.5000	2.0000	2.2000	0.0338	24.3377

Source: Tax Collector, Santa Rosa County

SANTA ROSA COUNTY, FLORIDA
PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago
(UNAUDITED)

TAXPAYER	2018			2009		
	ASSESSED VALUATION	Rank	PERCENTAGE OF TOTAL ASSESSED VALUATION	ASSESSED VALUATION	Rank	PERCENTAGE OF TOTAL ASSESSED VALUATION
Gulf Power	\$ 130,418,939	1	1.36%	\$ 84,648,846	2	1.06%
Breitbart Operating	\$ 117,823,926	2	1.23%			
Florida Gas Transmission	\$ 84,927,220	3	0.89%	\$ 54,952,213	3	0.69%
BellSouth Telecomm	\$ 53,809,323	4	0.56%	46,615,796	4	0.58%
Taminco Us	\$ 44,224,492	5	0.46%	16,879,975	7	0.21%
WalMart Stores East	\$ 34,062,127	6	0.36%	\$ 33,867,537	5	0.42%
Escambia River Electric Coop	\$ 20,242,633	7	0.21%			
Andrews Institute Medical Park	\$ 18,031,763	8	0.19%	\$ 16,624,427	9	0.21%
TTN Inc	\$ 17,083,839	9	0.18%			
Santa Rosa Energy LLC	\$ 16,795,588	10	0.18%	\$ 24,683,052	6	0.31%
Quantum Resources				\$ 91,358,215	1	1.15%
Holi Corp				\$ 16,758,000	8	0.21%
Mediacom Southeast, LLC				\$ 16,144,099	10	0.20%
Total assessed	\$ 9,584,540,570			\$ 7,985,740,189		

Source: Property Appraiser, Santa Rosa County

**SANTA ROSA COUNTY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS
(UNAUDITED)**

YEAR	TOTAL TAX LEVY	CURRENT AND PRIOR YEARS ADJUSTMENTS	OUTSTANDING DELINQUENT TAXES	DISCOUNTS ALLOWED	CURRENT TAX COLLECTIONS	PERCENT OF CURRENT TAX COLLECTIONS TO TOTAL LEVY	TOTAL TAX COLLECTION	PERCENT OF TOTAL TAX COLLECTION TO TOTAL LEVY	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2009	\$ 52,897,253	\$ 48,300	\$ 2,292,390	\$ 1,503,930	\$ 49,052,631	92.73%	\$ 50,556,561	95.58%	4.33%
2010	\$ 48,654,632	\$ 46,386	\$ 1,414,445	\$ 1,384,986	\$ 45,808,545	94.15%	\$ 47,193,531	97.00%	2.91%
2011	\$ 46,151,773	\$ (5,338)	\$ 859,288	\$ 1,364,326	\$ 43,933,827	95.19%	\$ 45,298,153	98.15%	1.86%
2012	\$ 44,944,141	\$ (12,852)	\$ 416,988	\$ 1,379,496	\$ 42,951,863	95.57%	\$ 44,331,359	98.64%	0.93%
2013	\$ 44,054,676	\$ 8,243	\$ 328,356	\$ 1,375,961	\$ 42,284,295	95.98%	\$ 43,660,256	99.10%	0.75%
2014	\$ 44,620,332	\$ 8,315	\$ 266,157	\$ 1,433,608	\$ 42,836,934	96.00%	\$ 44,270,542	99.22%	0.60%
2015	\$ 46,948,088	\$ 10,720	\$ 47,384	\$ 1,588,836	\$ 45,266,448	96.42%	\$ 46,855,284	99.80%	0.10%
2016	\$ 49,217,480	\$ 23,618	\$ 43,820	\$ 1,687,131	\$ 47,091,704	95.68%	\$ 48,778,836	99.11%	0.09%
2017	\$ 51,164,884	\$ 2,450	\$ 27,116	\$ 1,768,619	\$ 49,122,581	96.01%	\$ 50,891,200	99.47%	0.05%
2018	\$ 53,680,748	\$ 1,473	\$ 28,909	\$ 1,880,853	\$ 51,692,210	96.30%	\$ 53,573,063	99.80%	0.05%

Source: Tax Collector, Santa Rosa County

SANTA ROSA COUNTY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

YEAR	General Obligation Debt	Governmental Activities			Business-Type	Total	Percentage of Personal Income	Per Capita
		Revenue- Backed Debt	Special Assessment Debt	Capital Leases	Activities Revenue Debt			
2009	\$ 4,359,387	\$ 1,036,547	\$ 8,107,660	\$ -	\$ 7,332,123	\$ 20,835,717	0.410%	\$ 139.58
2010	\$ 4,571,570	\$ 1,297,671	\$ 6,553,751	\$ -	\$ 6,731,737	\$ 19,154,729	0.367%	\$ 126.54
2011	\$ 3,629,311	\$ 2,642,478	\$ 6,553,226	\$ -	\$ 6,117,601	\$ 18,942,616	0.340%	\$ 122.29
2012	\$ -	\$ 2,296,306	\$ 5,166,457	\$ -	\$ 5,451,581	\$ 12,914,344	0.219%	\$ 83.11
2013	\$ -	\$ 1,942,442	\$ 4,089,724	\$ -	\$ 4,765,239	\$ 10,797,405	0.178%	\$ 68.63
2014	\$ -	\$ 1,580,707	\$ 3,192,683	\$ -	\$ 4,058,392	\$ 8,831,782	0.144%	\$ 54.04
2015	\$ -	\$ 1,210,908	\$ 2,368,788	\$ -	\$ 3,330,357	\$ 6,910,053	0.103%	\$ 41.51
2016	\$ -	\$ 832,783	\$ 1,702,989	\$ -	\$ 2,580,741	\$ 5,116,513	0.074%	\$ 30.64
2017	\$ -	\$ 740,491	\$ 1,094,827	\$ -	\$ 2,102,521	\$ 3,937,839	0.053%	\$ 23.05
2018	\$ -	\$ 644,595	\$ 608,742	\$ -	\$ 1,606,035	\$ 2,859,372	0.039%	\$ 16.35

SANTA ROSA COUNTY, FLORIDA
RATIOS OF GENERAL OBLIGATION DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities			
	General Obligation Debt		Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
YEAR				
2009	\$	4,359,387	0.055%	\$ 29.20
2010	\$	4,571,570	0.060%	\$ 30.20
2011	\$	3,629,311	0.049%	\$ 23.43
2012	\$	-	0.000%	\$ -
2013	\$	-	0.000%	\$ -
2014	\$	-	0.000%	\$ -
2015	\$	-	0.000%	\$ -
2016	\$	-	0.000%	\$ -
2017	\$	-	0.000%	\$ -
2018	\$	-	0.000%	\$ -

(1) US Bureau of Economic and Business Research

(2) Property Appraiser, Santa Rosa County

SANTA ROSA COUNTY, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

REVENUE BONDS

YEAR	Gross Revenues (1)	Less: Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 4,626,550	\$ 4,003,395	\$ 623,155	\$ 440,000	\$ 183,155	100%
2010	\$ 4,285,885	\$ 3,653,270	\$ 632,615	\$ 465,000	\$ 163,355	101%
2011	\$ 5,642,439	\$ -	\$ 5,642,439	\$ 261,981	\$ 30,876	1927%
2012	\$ 5,735,395	\$ -	\$ 5,735,395	\$ 539,984	\$ 45,628	979%
2013	\$ 6,019,063	\$ -	\$ 6,019,063	\$ 549,387	\$ 35,973	1028%
2014	\$ 6,401,628	\$ -	\$ 6,401,628	\$ 558,953	\$ 26,274	1094%
2015	\$ 6,780,568	\$ -	\$ 6,780,568	\$ 568,686	\$ 13,636	1164%
2016	\$ 7,276,083	\$ -	\$ 7,276,083	\$ 578,589	\$ 6,381	1244%
2017	\$ 7,714,651	\$ -	\$ 7,714,651	\$ -	\$ -	0%
2018	\$ 7,484,101	\$ -	\$ 7,484,101	\$ -	\$ -	0%

NOTES PAYABLE

YEAR	Gross Revenues (2)	Less: Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 2,796,916	\$ 1,336,740	\$ 1,460,176	\$ 374,239	\$ 285,737	221%
2010	\$ 2,710,489	\$ 1,260,766	\$ 1,449,723	\$ 394,631	\$ 274,344	217%
2011	\$ 2,512,990	\$ 1,248,551	\$ 1,264,439	\$ 418,618	\$ 221,906	197%
2012	\$ 2,170,996	\$ 1,242,849	\$ 928,147	\$ 472,209	\$ 235,191	131%
2013	\$ 2,416,466	\$ 1,251,933	\$ 1,164,533	\$ 490,818	\$ 216,716	165%
2014	\$ 2,525,419	\$ 1,431,119	\$ 1,094,300	\$ 509,629	\$ 198,179	155%
2015	\$ 2,771,930	\$ 1,305,460	\$ 1,466,470	\$ 529,150	\$ 178,960	207%
2016	\$ 2,884,659	\$ 1,472,189	\$ 1,412,470	\$ 549,133	\$ 159,339	199%
2017	\$ 3,041,022	\$ 1,634,259	\$ 1,406,763	\$ 570,512	\$ 138,171	199%
2018	\$ 3,223,716	\$ 1,802,065	\$ 1,421,651	\$ 592,381	\$ 116,619	201%

SPECIAL ASSESSMENT NOTES

YEAR	Gross Revenues (3)	Less: Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 5,771,832	\$ -	\$ 5,771,832	\$ 1,834,303	\$ 404,466	258%
2010	\$ 6,201,501	\$ -	\$ 6,201,501	\$ 2,003,843	\$ 393,964	259%
2011	\$ 3,079,904	\$ -	\$ 3,079,904	\$ 1,790,959	\$ 294,681	148%
2012	\$ 1,872,823	\$ -	\$ 1,872,823	\$ 1,509,919	\$ 254,225	106%
2013	\$ 921,029	\$ -	\$ 921,029	\$ 870,216	\$ 204,483	86%
2014	\$ 1,155,998	\$ -	\$ 1,155,998	\$ 897,493	\$ 174,533	108%
2015	\$ 991,352	\$ -	\$ 991,352	\$ 823,894	\$ 88,461	109%
2016	\$ 772,276	\$ -	\$ 772,276	\$ 680,682	\$ 78,340	102%
2017	\$ 727,529	\$ -	\$ 727,529	\$ 592,839	\$ 44,387	114%
2018	\$ 641,896	\$ -	\$ 641,896	\$ 470,195	\$ 27,468	129%

(1) Racetrack and Landfill revenues until 2010. Sales tax revenues from 2011

(2) Electric Franchise Fees

(3) Special Assessments

**SANTA ROSA COUNTY, FLORIDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR	POPULATION (1)	PERSONAL INCOME (2) (Thousands)	PER CAPITA PERSONAL INCOME (2)	UNEMPLOYMENT RATE (3)
2009	149,279	\$ 5,083,554	\$ 33,498	9.1%
2010	151,372	\$ 5,222,879	\$ 34,357	9.8%
2011	154,901	\$ 5,569,461	\$ 36,141	9.0%
2012	155,390	\$ 5,906,842	\$ 37,264	7.5%
2013	157,317	\$ 6,079,598	\$ 37,739	6.6%
2014	163,422	\$ 6,146,309	\$ 37,610	5.4%
2015	166,486	\$ 6,721,674	\$ 40,506	4.3%
2016	167,009	\$ 6,943,907	\$ 41,869	4.6%
2017	170,835	\$ 7,477,766	\$ 42,909	3.2%
2018	174,887	\$ 7,417,426 *	\$ 43,311 *	2.9%

* Projected

(1) Florida Legislature, Office of Economic and Demographic Research

(2) US Bureau of Economic Analysis

(3) US Bureau of Labor Statistics

**SANTA ROSA COUNTY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

EMPLOYER	2018			2009		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Santa Rosa County School District	2,980	1	3.84%	2,600	1	3.90%
Federal Military	1,350	2	1.74%			
State of Florida	1,290	3	1.66%	1,409	3	2.12%
Wal-Mart Stores	1,288	4	1.66%	1,225	4	1.84%
Santa Rosa County	944	5	1.22%	946	5	1.42%
Federal Government	758	6	0.98%	2,078	2	3.12%
Navy Federal	700	7	0.90%			
Baptist Healthcare Systems	571	8	0.74%	634	6	0.95%
Santa Rosa Medical Center	484	9	0.62%	400	7	0.60%
Mediacom	400	10	0.51%			
Clearwire, LLC				290	8	0.44%
Lowe's				270	9	0.41%
Tata Business Support Services				217	10	0.33%
Total	10,765		14%	10,069		15%
Total employment			77,680			66,589

Source: Santa Rosa County Economic Development Office

SANTA ROSA COUNTY, FLORIDA
COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	253	265	283	265	273	269	269	261	268	280
Public safety	456	451	450	452	451	451	445	451	450	444
Physical environment	54	56	52	52	46	64	65	60	58	63
Transportation	120	118	109	103	105	111	110	108	107	105
Economic environment	2	2	2	2	2	10	11	7	12	9
Human services	23	24	23	22	23	25	25	25	24	22
Culture and recreation	38	34	35	33	32	35	38	37	37	41
Total	<u>946</u>	<u>950</u>	<u>954</u>	<u>929</u>	<u>932</u>	<u>965</u>	<u>963</u>	<u>949</u>	<u>956</u>	<u>964</u>

Source: Departmental reports.

SANTA ROSA COUNTY, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety										
Law Enforcement										
Service calls	151,066	138,576	122,807	122,336	118,150	119,731	126,423	144,727	149,702	139,233
DUI arrests	303	248	272	175	148	236	215	273	352	331
Jail inmates	7,469	7,268	7,301	6,618	6,315	6,577	7,249	7,746	7,807	7,383
Physical environment										
Transportation										
Economic environment										
Human services										
Animal Services										
Service calls	7,911	7,689	7,270	8,100	6,995	7,201	7,162	6,520	6,970	6,572
Adoptions	794	664	529	517	511	571	616	570	583	511
Animal visits to shelter	9,035	8,405	7,857	7,875	7,538	6,592	6,631	6,137	6,038	5,990
Culture and recreation										
Libraries										
Items circulated	709,116	469,749	466,608	434,571	425,484	434,571	420,730	405,000	398,597	401,333
Registered borrowers	39,262	47,349	39,422	46,111	51,581	46,111	49,771	52,343	57,568	63,238

Indicators are not available for the general government function.

Source: Departmental reports

SANTA ROSA COUNTY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety										
Sheriff's Officers Vehicles	263	260	241	308	282	285	285	275	293	296
Fire Districts	15	15	15	15	15	15	15	15	15	15
Physical environment										
Landfills	2	2	2	2	2	2	2	2	2	2
Transfer stations	1	1	1	1	1	1	1	1	1	1
Water taps	2,190	2,190	1,876	1,904	1,904	1,955	2,137	2,152	2,171	2,190
Sewer taps	2,178	2,178	1,864	1,893	1,893	1,942	2,124	2,139	2,158	2,177
Transportation										
Airports	1	1	1	1	1	1	1	1	1	1
Airport hangers	15	15	16	16	16	16	16	16	16	16
Economic environment										
Industrial Parks	2	2	2	2	2	2	2	2	2	2
Human services										
Animal Services Vehicles	9	10	10	13	10	11	11	11	11	10
Culture and recreation										
Libraries	5	5	5	5	5	5	5	5	6	6
Items in library collection	148,957	149,338	132,626	138,565	149,133	138,565	156,786	148,288	155,149	156,773
Parks	56	56	56	56	56	56	56	56	56	56

Indicators are not available for the general government function.

Source: Departmental reports

COMPLIANCE SECTION

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

The Honorable Board of County Commissioners
Santa Rosa County, Florida

We have examined Santa Rosa County, Florida's, (hereinafter referred to as the "the County") compliance with the following requirements for the year ended September 30, 2018:

- (1) Florida Statute 218.415 in regards to investments.
- (2) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil Spill receipts and expenditures.
- (3) Florida Statutes 365.172 and 365.173 in regards to use of E-911 revenues and expenditures.

Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

Pensacola, Florida
March 28, 2019

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND
EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

The Honorable Board of County Commissioners
Santa Rosa County, Florida

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Santa County, Florida as of and for the year ended September 30, 2018, and have issued our report thereon dated March 28, 2019 which contained an unmodified opinion on those financial statements.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 142 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Pensacola, Florida
March 28, 2019

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF RECEIPTS AND EXPENDITURES OF
FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<u>Source</u>	<u>Amount Received in the 2017-2018 Fiscal Year</u>	<u>Amount Expended in the 2017-2018 Fiscal Year</u>
BP Economic and Property Damages Promotional Fund:		
Agreement No. <u>2017-2018</u>	\$ 150,000	\$ 140,790

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance did not include any expenditures related to the Deepwater Horizon Oil Spill under CSFA 37.081 in the CY.

MANAGEMENT LETTER

The Honorable Board of County Commissioners
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements Santa Rosa County, Florida (hereinafter referred to as the "County"), as of and for the year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550 *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedules, which are dated March 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the County provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the County in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
March 28, 2019

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of County Commissioners
Santa Rosa County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Santa Rosa County, Florida, (hereinafter referred to as "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Compliance and Other Matters – Continued

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
March 28, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF
THE AUDITOR GENERAL**

Board of County Commissioners
Santa Rosa County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Santa Rosa County, Florida (hereinafter referred to as "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2018. The County's major federal program and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Department of Financial Services *State Projects Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 28, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis as required by the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
March 28, 2019

SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce National Oceanic and Atmospheric Administration				
Passed Through Florida Department of Environmental Protection:				
Coastal Zone Management Program	11.419	CM632	\$ 30,000	\$ -
U.S. Department of Health and Human Services				
Passed Through Florida Department of Revenue:				
Child Support Enforcement Program	93.563	COC57	190,659	-
Child Support Enforcement Program	93.563	CST57	16,203	-
			<u>206,862</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed Through Florida Division of Emergency Management:				
Hazard Mitigation Grant	97.039	16HM-6B-01-67-01-196	344,777	-
Hazard Mitigation Grant	97.039	18HM-H4-01-67-01-029	924,553	-
Hazard Mitigation Grant	97.039	18HM-H4-01-67-01-323	380,355	-
Hazard Mitigation Grant	97.039	18HM-H4-01-67-01-367	309,285	-
			<u>1,958,970</u>	<u>-</u>
Passed Through Florida Division of Emergency Management:				
Flood Mitigation Assistance Grant Program	97.029	17FM-S3-01-67-01-353	229,571	-
Flood Mitigation Assistance Grant Program	97.029	17FM-S3-01-67-01-355	123,661	-
Flood Mitigation Assistance Grant Program	97.029	17FM-S7-01-67-01-354	221,500	-
Flood Mitigation Assistance Grant Program	97.029	18FM-X8-01-67-01-262	129,000	-
			<u>703,732</u>	<u>-</u>
Passed Through Florida Division of Emergency Management:				
Disaster Grants - Public Assistance	97.036	Z0055	3,947	-
Disaster Grants - Public Assistance	97.036	15-SP-8Z-01-67-02-500	229,666	-
			<u>233,613</u>	<u>-</u>
Passed Through Florida Division of Emergency Management:				
Homeland Security Grant Program	97.067	17-DS-V4-01-67-01-302	51,837	-
Homeland Security Grant Program	97.067	18-DS-X1-01-67-01-332	53,586	-
			<u>105,423</u>	<u>-</u>
Passed Through Florida Division of Emergency Management:				
Emergency Management Performance Grant	97.042	18-FG-7A-01-67-01-181	57,749	-
Emergency Management Performance Grant	97.042	19-FG-AF-01-67-01-085	21,476	-
Passed Through Volunteer Florida:				
Emergency Management Performance Grant	97.042	CERT 2017-2018	2,812	-
Emergency Management Performance Grant	97.042	Citizen Corps 2017-2018	13,050	-
			<u>95,087</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed Through Escambia County Consortium:				
Home Investment Partnerships Program	14.239	M-11DC-12-0225	123,061	-
Passed Through Department of Economic Opportunity:				
Community Development Block Grant	14.228	17DB-OL-01-67-01-N30	54,575	-

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>U.S. Department of Justice</u>				
Passed Through Florida Coalition Against Domestic Violence:				
Violence Against Women Formula Grants	16.588	18-8027-SAO	41,812	-
Violence Against Women Formula Grants	16.588	19-8027-SAO	11,524	-
			<u>53,336</u>	<u>-</u>
Passed Through Florida Office of the Attorney General:				
Crime Victim Assistance	16.575	VOCA-2017-SRSO-00232	38,509	-
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-1000	15,320	-
Passed Through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-SANT-1-F9-053	38,678	-
			<u>53,998</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed Through Florida Dept. of Transportation:				
Formula Grants for Rural Areas	20.509	G0712	53,493	-
Formula Grants for Rural Areas	20.509	G0P12	60,473	60,473
			<u>113,966</u>	<u>60,473</u>
Passed Through Florida Dept. of Transportation:				
Highway Planning and Construction	20.205	G0K11 (437087-1-38-01)	7,203	-
Passed Through Florida Dept. of Transportation:				
State and Community Highway Safety	20.600	G0Q07	45,982	-
Passed Through Florida Dept. of Transportation:				
National Priority Safety Program	20.616	G0P63	54,291	-
Total Highway Safety Cluster			<u>100,273</u>	<u>-</u>
<u>Executive Office of the President</u>				
Passed Through Office of National Drug Policy:				
High Intensity Drug Trafficking Areas Program	95.001	G16GC0007A/G17GC00007A	100,223	71,567
<u>U.S. Election Assistance Commission</u>				
Passed Through Florida Division of Elections:				
Help America Vote Act Requirement Payments	90.401	N/A	45,776	-
Total Federal Awards			<u>\$ 4,024,607</u>	<u>\$ 132,040</u>

SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE – (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

State Grantor/Pass-through Grantor/Program Title	CSFA Number	Contract / Grant Number	Expenditures	Passed Through to Subrecipients
Florida Department of Agriculture and Consumer Services				
Mosquito Control	42.003	024766	\$ 32,468	\$ -
Agriculture Nonpoint Source Best Management Practices Implementation	42.017	024312	60,421	-
Florida Department of Economic Opportunity				
Passed through Enterprise Florida, Inc.				
Enterprise Florida, Inc. - Defense Infrastructure Grant	40.003	DIG 14-01	50,963	-
Local Economic Development Initiatives - Defense Infrastructure Grant	40.012	S0035	115,655	-
Military Base Protection	40.014	DRG S0084	17,764	-
Military Base Protection	40.014	DRG S0107	4,092	-
			<u>21,856</u>	<u>-</u>
Florida Department of Health				
County Grant Awards	64.005	C5055	2,081	-
County Grant Awards	64.005	C6055	24,516	-
			<u>26,597</u>	<u>-</u>
Florida Department of State				
State Aid to Libraries	45.030	18-ST-74	56,334	-
Florida Department of Transportation				
Aviation Grant Programs	55.004	G0J95 (41593129401)	25,792	-
Small County Outreach Program	55.009	G0T93 (440643-1-54-01)	462,972	-
Transportation Regional Incentive Program	55.026	G0J38 (436902-12801)	128,606	-
Economic Development Transportation Fund	55.032	G0J96 (439450-1-54-01)	1,000,000	-
Florida Division of Emergency Management				
Emergency Management Programs	31.063	18-BG-W9-01-67-01-182	75,722	-
Emergency Management Programs	31.063	19-BG-21-01-67-01-045	25,351	-
			<u>101,073</u>	<u>-</u>
Emergency Management Projects - Hazards Analysis	31.067	18-CP-11-01-67-01-153	8,674	-
Florida Fish and Wildlife Conservation Commission				
Florida Boating Improvement Program	77.006	15086	9,985	-
Artificial Reef Grants Program	77.007	15154	406,202	-
Florida Department of Environmental Protection				
Beach Management Funding Assistance Program	37.003	18SR1	38,953	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP57111	76,243	-
Florida Recreation Development Assistance Program	37.017	A7023	5,000	-
Florida Housing Finance Corporation				
State Housing Initiative Partnership Program	40.901	N/A	856,570	-
TOTAL STATE AWARDS			<u>\$ 3,484,364</u>	<u>\$ -</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 7,508,971</u>	<u>\$ 132,040</u>

The accompanying notes are an integral part of this schedule.

**SANTA ROSA COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

1. BASIS OF PRESENTATION

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Santa Rosa County, Florida under programs of the federal and state government for the year ended September 30, 2018. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Santa Rosa County, Florida elected to utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes ☒ none reported

Noncompliance material to financial statements
noted? _____ yes ☒ no

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency (ies) identified that are
not considered to be material weakness(es)? _____ yes ☒ none reported

Type of auditor's report issued on compliance
for major programs: Unmodified opinion

Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance or Chapter 10.550, *Rules of
the Auditor General*? _____ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAM

Federal Program

CFDA No. 97.039 Hazard Mitigation Grant

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes _____ no

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

A. SUMMARY OF AUDITOR RESULTS (CONTINUED)

State Projects

CSFA No. 55.009 Small County Outreach Program
CSFA No. 55.032 Economic Development Transportation Fund
CSFA No. 77.007 Artificial Reef Grants Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

B. FINANCIAL STATEMENT FINDING

There were no findings which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAM

There were no findings which were required to be reported in accordance with the Uniform Guidance.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.

**SANTA ROSA COUNTY, FLORIDA
CLERK OF COURT AND COMPTROLLER**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
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INDEPENDENT AUDITORS' REPORT

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk’s financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clerk’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Clerk, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that are attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and notes on pages 14-16 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying supplementary information, the combining fund financial statement on page 17, is presented for purposes of additional analysis and is not a required part of these financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading *"Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards."* The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Warren Averett, LLC

Pensacola, Florida
February 4, 2019

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
BALANCE SHEET – ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Major Funds				Non-Major	
			Courts	Records	Child Support	
	General	Courts	Technology	Modernization	Title	Total
				Trust	IV-D	
ASSETS						
Cash and cash equivalents	\$ 845,629	\$ 657,528	\$ 855,015	\$ 555,989	\$ -	\$ 2,914,161
Accounts receivable, net	9,179	-	-	-	-	9,179
Due from other funds	6,092	13,389	-	-	-	19,481
Due from other governmental units	2,947	-	-	-	13,431	16,378
TOTAL ASSETS	\$ 863,847	\$ 670,917	\$ 855,015	\$ 555,989	\$ 13,431	\$ 2,959,199
LIABILITIES						
Accounts payable	\$ 28,150	\$ 10,790	\$ 4,442	\$ -	\$ -	\$ 43,382
Accrued wages and salaries	75,894	77,264	4,346	-	-	157,504
Due to BOCC	585,151	-	-	-	-	585,151
Due to other funds	-	6,050	-	-	13,431	19,481
Due to other governmental units	127,692	560,599	29,786	-	-	718,077
Deposits	46,960	-	-	-	-	46,960
TOTAL LIABILITIES	863,847	654,703	38,574	-	13,431	1,570,555
FUND BALANCES						
Restricted for state court operations	-	16,214	-	-	-	16,214
Restricted for records modernization	-	-	-	555,989	-	555,989
Restricted for court equipment and technology	-	-	816,441	-	-	816,441
TOTAL FUND BALANCES	-	16,214	816,441	555,989	-	1,388,644
TOTAL LIABILITIES & FUND BALANCES	\$ 863,847	\$ 670,917	\$ 855,015	\$ 555,989	\$ 13,431	\$ 2,959,199

See notes to the financial statements.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Major Funds				Non-Major	
			Courts	Records	Child Support	
	General	Courts	Technology	Modernization	Title	Total
				Trust	IV-D	
REVENUES						
Intergovernmental	\$ -	\$ 182,161	\$ -	\$ -	\$ 190,659	\$ 372,820
Charges for services	1,140,423	2,688,261	353,086	114,632	-	4,296,402
Fines and forfeitures	-	975,003	-	-	-	975,003
Miscellaneous	53,090	71,872	-	-	-	124,962
Total revenues	1,193,513	3,917,297	353,086	114,632	190,659	5,769,187
EXPENDITURES						
Current:						
General government:						
Financial and administrative:						
Personal services	2,151,296	-	-	-	-	2,151,296
Operating	518,457	-	-	-	-	518,457
Capital outlay	73,896	-	-	-	-	73,896
Judicial:						
Personal services	-	2,629,429	48,564	14,751	190,659	2,883,403
Operating	-	311,619	157,431	103,863	-	572,913
Capital outlay	-	-	2,390	-	-	2,390
Total expenditures	2,743,649	2,941,048	208,385	118,614	190,659	6,202,355
Excess (deficiency) of revenue over expenditures	(1,550,136)	976,249	144,701	(3,982)	-	(433,168)
OTHER FINANCING SOURCES (USES)						
BOCC appropriation	2,126,863	-	-	-	-	2,126,863
BOCC unspent revenues	(576,727)	-	-	-	-	(576,727)
Payments to Clerks of the Court Trust Fund	-	(1,006,641)	-	-	-	(1,006,641)
Total other financing sources (uses)	1,550,136	(1,006,641)	-	-	-	543,495
NET CHANGE IN FUND BALANCES	-	(30,392)	144,701	(3,982)	-	110,327
FUND BALANCES, BEGINNING	-	46,606	671,740	559,971	-	1,278,317
FUND BALANCES, ENDING	\$ -	\$ 16,214	\$ 816,441	\$ 555,989	\$ -	\$ 1,388,644

See notes to the financial statements.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2018

ASSETS

Cash and cash equivalents	<u>\$ 3,456,267</u>
TOTAL ASSETS	<u><u>\$ 3,456,267</u></u>

LIABILITIES

Accounts payable	\$ 638
Due to other governmental units	1,160,707
Deposits	<u>2,294,922</u>
TOTAL LIABILITIES	<u><u>\$ 3,456,267</u></u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

Reporting Entity

The Office of the Clerk of Court and Comptroller of Santa Rosa County, Florida (the "Clerk") was established as a constitutional office of Santa Rosa County, Florida (the "County") by Article VIII, Section 1 (d) of the Constitution of the State of Florida. The Clerk is an elected official of the County and serves as Clerk of the Circuit Court (duties described in Chapter 28, Florida Statutes), Clerk of the County Court (duties described in Chapter 34, Florida Statutes), and Clerk and Accountant to the Santa Rosa County Board of County Commissioners (the "BOCC") (in this capacity the Clerk is required to keep the minutes of the county commission, keep the accounts of the County, invest county funds, and perform such other duties as provided by law). The Clerk's office is funded by appropriations from the BOCC and by fees charged for providing court related services. Although the Clerk is operationally autonomous from the BOCC, it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is considered part of the County's primary government.

These financial statements of the Clerk are not intended to be a complete presentation of the financial position and results of operations of the County, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consists of only the *fund level* financial statements as defined in GASB Statement No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

Fund Accounting

The accounting system of the Clerk's office is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The funds utilized by the Clerk are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

The Clerk reports the following major governmental funds:

General Fund is used to account for all financial resources that are generated from operations of the office, appropriations from the BOCC, and any other resources not required to be accounted for in another fund.

Courts Fund is a special revenue fund used to account for all court-related activities and court-related financial resources of the Clerk.

Courts Technology Fund is a special revenue fund used to account for the court-related technology needs of the Clerk.

Records Modernization Trust Fund is a special revenue fund used to account for monies collected according to Chapter 28.24, Florida Statutes, to be used exclusively for equipment, personnel training, and technical assistance in modernizing the official records system and to pay for equipment and start-up costs necessitated by a statewide recording system.

Non-major governmental fund of the Clerk is as follows:

Title IV-D Fund is a special revenue fund used to account for activities related to Title IV-D child support cases. The funding provides assistance to the plaintiff and enforcement of collections through the Office of Child Support Enforcement.

Fiduciary Funds

The Clerk uses agency funds to account for assets being held in a custodial capacity for individuals, private organizations, and/or other governments. Assets equal liabilities in agency funds.

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Clerk considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

Cash and Cash Equivalents

The Clerk's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible property and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and are accounted for in the County's government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused annual, sick, and compensatory leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the governmental fund statements, expenditures are recognized when payments are made to employees.

Unspent Revenue

Annually, the Clerk must remit to the Board any unspent revenues attributable to non-court-related functions. Additionally, the Clerk must calculate and remit to the Department of Revenue Clerks of Courts Trust Fund the unspent revenues attributable to state funded court-related functions. These amounts are reported as due to other governmental units at year-end.

Fund Balances

Fund balances are classified either as non-spendable or as restricted, committed, assigned, and unassigned based on the extent to which there are external and internal constraints on the spending of these fund balances.

2. CASH

At September 30, 2018, the banks reported deposits before outstanding checks of approximately \$6.3 million, all of which were held by a financial institution designated as a qualified public depository by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

3. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Clerk are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

3. PENSION AND RETIREMENT PLAN – CONTINUED

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination.

The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon rates established by the State of Florida.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

3. PENSION AND RETIREMENT PLAN – CONTINUED

Blended contribution rates for the fiscal year ended September 30, 2018 were as follows: regular employees – 8.01%, special risk employees – 23.58%, elected officials – 46.30%, senior management employees – 23.05%, and DROP participants – 13.45%. The Clerk's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$355,131, \$351,182, and \$346,250 for the years ended September 30, 2018, 2017, and 2016, respectively.

Net Pension Liability – Proportionate Share

The Clerk has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the governmental funds. All required disclosures and schedules may be found in the County's Comprehensive Annual Financial Report of Santa Rosa County, Florida.

4. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Board offers post-employment health care benefits (OPEB) to all retired employees of the Clerk's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees. This implicit subsidy has a cost, however, this annual cost, and the total OPEB liability is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County as a whole, and not separately for the Clerk's Office. Accordingly, these calculations and disclosures can be found in the County's Comprehensive Annual Financial Report.

5. FUND BALANCES

Fund balances consist of the following:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk does not have any non-spendable fund balances.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

5. FUND BALANCES – CONTINUED

The remaining fund balances are classified as follows depending on the Clerk's ability to control their spending:

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of September 30, 2018, the Clerk had restricted fund balances for state court operations of \$16,228 and for records modernization and court equipment and technology of \$1,372,430.

Committed fund balances can only be used for specific purposes imposed internally by the Clerk's formal action of highest level of decision making authority. At year end the Clerk had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. At year end the Clerk had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At year end the Clerk had no unassigned fund balances because all unspent revenues of the General Fund are required to be returned to the BOCC and there were no negative residual balances in the special revenue funds.

6. CLAIMS AND CONTINGENCIES

The Clerk is involved from time to time in routine civil litigation incidental to the ordinary course of operations. In the opinion of management and legal counsel, there are no lawsuits or claims outstanding which might materially affect the financial position of the Clerk's Office.

7. RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

7. RISK MANAGEMENT – CONTINUED

The County is covered by outside insurance for the following exposures:

- Building and contents, \$5,000 deductible
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and contents. There also were no significant reductions in insurance coverage from the prior year and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Clerk participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

REQUIRED SUPPLEMENTARY INFORMATION

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund				Special Revenue Fund Courts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,161	\$ 182,161
Charges for services	963,655	963,655	1,140,423	176,768	1,721,937	2,711,604	2,688,261	(23,343)
Fines & forfeitures	-	-	-	-	704,343	963,843	975,003	11,160
Miscellaneous	27,652	27,652	53,090	25,438	-	244,224	71,872	(172,352)
Total revenues	991,307	991,307	1,193,513	202,206	2,426,280	3,919,671	3,917,297	(2,374)
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Personal services	2,272,118	2,272,118	2,151,296	120,822	-	-	-	-
Operating	479,228	613,729	518,457	95,272	-	-	-	-
Capital outlay	54,193	102,193	73,896	28,297	-	-	-	-
Judicial:								
Personal services	-	-	-	-	2,750,722	2,750,722	2,629,429	121,293
Operating	-	-	-	-	150,500	190,326	311,619	(121,293)
Total expenditures	2,805,539	2,988,040	2,743,649	244,391	2,901,222	2,941,048	2,941,048	-
Excess (deficiency) of revenues over expenditures	(1,814,232)	(1,996,733)	(1,550,136)	446,597	(474,942)	978,623	976,249	(2,374)
OTHER FINANCING SOURCES (USES)								
BOCC appropriation	2,154,991	2,154,991	2,126,863	(28,128)	-	-	-	-
BOCC unspent revenues	-	-	(576,727)	(576,727)	-	-	-	-
Payments to Clerks of the Court								
Trust Fund	-	-	-	-	-	(1,000,000)	(1,006,641)	(6,641)
Total other financing sources (uses)	2,154,991	2,154,991	1,550,136	(604,855)	-	(1,000,000)	(1,006,641)	(6,641)
NET CHANGE IN FUND BALANCES	340,759	158,258	-	(158,258)	(474,942)	(21,377)	(30,392)	(9,015)
FUND BALANCES, BEGINNING	-	-	-	-	-	21,377	46,606	25,229
FUND BALANCES, ENDING	\$ 340,759	\$ 158,258	\$ -	\$ (158,258)	\$ (474,942)	\$ -	\$ 16,214	\$ 16,214

See notes to required supplementary information.

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Fund Courts Technology Fund				Special Revenue Fund Records Modernization Trust Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Charges for services	\$ 304,203	\$ 304,203	\$ 353,086	\$ 48,883	\$ 100,000	\$ 100,000	\$ 114,632	\$ 14,632
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	304,203	304,203	353,086	48,883	100,000	100,000	114,632	14,632
EXPENDITURES								
Current:								
General government:								
Financial and administrative:								
Operating	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Judicial:								
Personal services	133,682	133,682	48,564	85,118	65,200	65,200	14,751	50,449
Operating	172,647	172,647	157,431	15,216	34,800	114,800	103,863	10,937
Capital outlay	-	-	2,390	(2,390)	-	-	-	-
Total expenditures	306,329	306,329	208,385	97,944	100,000	180,000	118,614	61,386
Excess (deficiency) of revenues over expenditures	(2,126)	(2,126)	144,701	146,827	-	(80,000)	(3,982)	76,018
FUND BALANCES, BEGINNING	2,126	2,126	671,740	669,614	-	80,000	559,971	479,971
FUND BALANCES, ENDING	\$ -	\$ -	\$ 816,441	\$ 816,441	\$ -	\$ -	\$ 555,989	\$ 555,989

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

BUDGET AND BUDGETARY ACCOUNTING

The Clerk establishes annual budgets for its general fund and special revenue funds pursuant to Section 218.35, Florida Statutes. The Clerk's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

SUPPLEMENTARY INFORMATION

**COMBINING FUND
FINANCIAL STATEMENT**

SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2018

	Court Registry	Fine and Cost	Intangible Tax	State Documentary Stamp	Suspense	Tax Redemption	Ordinary Witness	Bail Bonds	Flower Trust Fund	Totals
ASSETS										
Cash and cash equivalents	\$ 1,345,442	\$ 221,472	\$ 127,080	\$ 742,556	\$ 61,141	\$ 721,232	\$ 9,096	\$ 226,690	\$ 1,558	\$ 3,456,267
TOTAL ASSETS	\$ 1,345,442	\$ 221,472	\$ 127,080	\$ 742,556	\$ 61,141	\$ 721,232	\$ 9,096	\$ 226,690	\$ 1,558	\$ 3,456,267
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 638	\$ -	\$ -	\$ -	\$ -	\$ 638
Due to other governmental units	-	221,472	127,080	742,556	60,503	-	9,096	-	-	1,160,707
Deposits	1,345,442	-	-	-	-	721,232	-	226,690	1,558	2,294,922
TOTAL LIABILITIES	\$ 1,345,442	\$ 221,472	\$ 127,080	\$ 742,556	\$ 61,141	\$ 721,232	\$ 9,096	\$ 226,690	\$ 1,558	\$ 3,456,267

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's financial statements and have issued our report thereon dated February 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Warren Averett, LLC".

Pensacola, Florida
February 4, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

We have examined the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida's (hereinafter referred to as the "Clerk") compliance with Florida Statute 218.415 in regards to investments, Florida Statutes 28.35 and 28.36 in regards to certain court-related functions, and Florida Statute 61.181 in regards to operation of a depository for alimony and child support for the year ended September 30, 2018.

Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

Pensacola, Florida
February 4, 2019

MANAGEMENT LETTER

Honorable Donald Spencer – Clerk of Court and Comptroller
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements (“financial statements”) of each major fund and the aggregate remaining fund information of the Office of Clerk of Court and Comptroller of Santa Rosa County, Florida (hereinafter referred to as “Clerk”), as of and for the year ended September 30, 2018, and have issued our report thereon dated February 4, 2019.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

We have also issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated February 4, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Other Matters

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Clerk, and the Santa Rosa County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 4, 2019

**SANTA ROSA COUNTY, FLORIDA CLERK OF COURT AND COMPTROLLER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
SEPTEMBER 30, 2018**

There are no findings which require a response from management.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
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INDEPENDENT AUDITORS' REPORT

Honorable Gregory S. Brown
Santa Rosa County Property Appraiser

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Santa Rosa County Florida Property Appraiser (the Property Appraiser), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to an express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Property Appraiser as of September 30, 2018, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the general fund of the Property Appraiser. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
November 16, 2018

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 396,802
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LIABILITIES

Accounts payable	\$ 100,666
Due to Board of County Commissioners	241,726
Accrued payroll and benefits	<u>54,410</u>
Total liabilities	396,802

FUND BALANCE

Fund balance - unassigned	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 396,802</u></u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

Charges for services	\$ 44,128
Miscellaneous	963
	<u> </u>
Total revenues	45,091

EXPENDITURES

Current:	
General government:	
Personal services	2,515,903
Operating expenditures	440,867
Capital outlay	90,183
	<u> </u>
Total expenditures	3,046,953
	<u> </u>
Deficiency of revenues over expenditures	(3,001,862)

OTHER FINANCING SOURCES (USES)

Board of County Commissioners appropriation	3,243,588
Board of County Commissioners unspent revenue	(241,726)
	<u> </u>
Total other financing sources	3,001,862
	<u> </u>

NET CHANGE IN FUND BALANCE

-

FUND BALANCE, BEGINNING OF YEAR

-

FUND BALANCE, END OF YEAR

\$ -

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Santa Rosa County, Florida Property Appraiser (the "Property Appraiser"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Property Appraiser is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is considered part of the County's primary government.

The financial statements of the Property Appraiser are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, and do not include presentations of government-wide financial statements of the Property Appraiser.

Fund Accounting

The accounting system of the Property Appraiser is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Property Appraiser is used to account for all financial resources which are generated from operations of the office, appropriations from the Board, or any other resources not required to be accounted for in another fund. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The general fund uses the modified accrual basis of accounting. Its revenues are recognized when they become both measurable and available as net current assets. The Property Appraiser considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred, except for compensated absences.

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the County's government-wide financial statements.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Compensated Absences

Employees accumulate a limited amount of earned but unused annual and sick leave which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements. For the general fund, compensated absence expenditures are recognized when payments are made to employees.

Unspent Revenue and Fund Balance

In accordance with Section 218.36(2), Florida Statutes, unspent revenue is remitted to the Board at fiscal year-end. This unspent revenue is reported as "Due to Board of County Commissioners", therefore, fund balance is zero.

Subsequent Events

The Property Appraiser has evaluated events and transactions that occurred between September 30, 2018 and November 16, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CASH

At September 30, 2018, the bank reported deposits before outstanding checks of \$463,606 all of which were held by a financial institution designated as "a qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

3. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Property Appraiser are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

3. PENSION AND RETIREMENT PLAN – CONTINUED

Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age.

Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class.

Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

The Deferred Retirement Option Program (DROP) is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit.

Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon statewide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2018 were as follows: regular employees, 8.01%, special risk employees, 23.58%, elected officials, 46.30%, senior management employees, 23.05%, and DROP participants, 13.45%.

The Property Appraiser's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

3. PENSION AND RETIREMENT PLAN – CONTINUED

Contributions to both plans totaled \$190,046, \$170,753, and \$161,914 for the years ended September 30, 2018, 2017, and 2016, respectively.

Net Pension Liability - Proportionate Share

The Property Appraiser has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the countywide financial statements and is not a current liability of the general fund. All required disclosures and schedules may be found in the countywide financial statements of Santa Rosa County, Florida.

4. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Board offers post-employment health care benefits (OPEB) to all retired employees of the Property Appraiser's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees. This implicit subsidy has a cost, however, this annual cost, and the total OPEB liability is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County as a whole, and not separately for the Property Appraiser's Office. Accordingly, these calculations and disclosures can be found in the County's Comprehensive Annual Financial Report.

5. RISK MANAGEMENT

The Property Appraiser is exposed to various risks of loss related to torts: theft and damage of assets, errors and omissions, injuries to employees, and natural disasters. The Board has a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

The County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

5. RISK MANAGEMENT – CONTINUED

The County is covered by outside insurance for the following exposures:

- Buildings and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage.

The Property Appraiser participates in the County's self-insurance program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

6. LITIGATION

The Property Appraiser is contingently liable with respect to lawsuits and other claims which might be filed incidental to the ordinary course of operations. In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding, which will have a material adverse effect on the financial position of the Property Appraiser's Office.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 44,128	\$ 44,128
Miscellaneous	-	-	963	963
Total revenues	-	-	45,091	45,091
EXPENDITURES				
Current:				
General government:				
Personal services	2,709,450	2,728,339	2,515,903	212,436
Operating expenditures	494,874	464,839	440,867	23,972
Capital outlay	-	62,826	90,183	(27,357)
Special contingency	45,228	-	-	-
Total expenditures	3,249,552	3,256,004	3,046,953	209,051
Excess (deficiency) of revenues over expenditures	(3,249,552)	(3,256,004)	(3,001,862)	254,142
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	3,249,552	3,256,004	3,243,588	(12,416)
BOCC unspent revenue	-	-	(241,726)	(241,726)
Total other financing sources (uses)	3,249,552	3,256,004	3,001,862	(254,142)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Budget and Budgetary Accounting

The Property Appraiser operates under budget procedures pursuant to Section 195.087, Florida Statutes. The Property Appraiser's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Honorable Gregory S. Brown
Santa Rosa County Property Appraiser

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Rosa County, Florida Property Appraiser (the Property Appraiser) as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Warren Averett, LLC".

Pensacola, Florida
November 16, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Gregory S. Brown
Santa Rosa County Property Appraiser

We have examined the Office of the Property Appraiser of Santa Rosa County, Florida's (hereinafter referred to as "Property Appraiser") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2018.

Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

Pensacola, Florida
November 16, 2018

MANAGEMENT LETTER

Honorable Gregory S. Brown
Santa Rosa County Property Appraiser

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Property Appraiser of Santa Rosa County, Florida, as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated November 16, 2018 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Property Appraiser, the Santa Rosa County Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
November 16, 2018

**SANTA ROSA COUNTY, FLORIDA
PROPERTY APPRAISER
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

There were no comments which require management's written response.

SANTA ROSA COUNTY, FLORIDA SHERIFF

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**SANTA ROSA COUNTY, FLORIDA SHERIFF
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INDEPENDENT AUDITORS' REPORT

Honorable Robert Johnson, Sheriff
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida ("Sheriff") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sheriff's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above have been prepared for the purpose of complying with the Rules of the Auditor General, State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, and aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Santa Rosa County, Florida that are attributable to the Sheriff. They do not purport to, and do not, present fairly the financial position of Santa Rosa County, Florida as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying combining fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of these financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

Other Reporting Required by Government Auditing Standards – Continued

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
February 12, 2019

**SANTA ROSA COUNTY, FLORIDA SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Major Funds			Non-Major	
		Jail		Other	
	General	Commissary	Grants	Governmental Funds	Total
ASSETS					
Cash	\$ 1,868,652	\$ 952,832	\$ 197,290	\$ 386,509	\$ 3,405,283
Due from other funds	750,244	-	314	-	750,558
Due from other governmental units	232,236	-	325,480	81,983	639,699
Accounts receivable	15,219	22,608	-	-	37,827
Inventory	20,397	-	-	-	20,397
Total assets	<u>\$ 2,886,748</u>	<u>\$ 975,440</u>	<u>\$ 523,084</u>	<u>\$ 468,492</u>	<u>\$ 4,853,764</u>
LIABILITIES					
Accounts payable and accrued payroll	\$ 1,671,829	\$ 6,459	\$ 54,829	\$ -	\$ 1,733,117
Due to other funds	314	34,048	403,899	312,297	750,558
Due to other governmental units	1,194,208	-	17,219	-	1,211,427
Unearned revenue	-	-	47,137	86,352	133,489
Total liabilities	2,866,351	40,507	523,084	398,649	3,828,591
FUND BALANCES					
Restricted for inmate welfare and recreation	-	934,933	-	-	934,933
Restricted for law enforcement training	-	-	-	69,843	69,843
Nonspendable - inventory	20,397	-	-	-	20,397
Total fund balances	20,397	934,933	-	69,843	1,025,173
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,886,748</u>	<u>\$ 975,440</u>	<u>\$ 523,084</u>	<u>\$ 468,492</u>	<u>\$ 4,853,764</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Major Funds			Non-Major Other Governmental Funds	Total
	General	Jail Commissary	Grants		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 2,688,604	\$ 2,688,604
Intergovernmental	-	-	942,554	33,562	976,116
Commissions	-	484,330	-	-	484,330
Total revenues	-	484,330	942,554	2,722,166	4,149,050
EXPENDITURES					
Current					
General government					
Judicial					
Personal services	1,137,790	-	-	-	1,137,790
Operating	22,699	-	-	-	22,699
Public safety					
Law enforcement					
Personal services	19,672,321	-	918,469	-	20,590,790
Operating	4,155,260	-	13,404	11,927	4,180,591
Capital outlay	764,972	-	10,681	2,695,596	3,471,249
Correction and detention					
Personal services	8,532,776	95,240	-	-	8,628,016
Operating	5,772,511	293,282	-	-	6,065,793
Capital outlay	-	17,290	-	-	17,290
Total expenditures	40,058,329	405,812	942,554	2,707,523	44,114,218
Excess (deficiency) of revenues over expenditures	(40,058,329)	78,518	-	14,643	(39,965,168)
OTHER FINANCING SOURCES (USES)					
BOCC appropriation	40,915,031	-	-	-	40,915,031
BOCC unspent funds	(862,979)	-	-	-	(862,979)
Total other financing sources (uses)	40,052,052	-	-	-	40,052,052
NET CHANGE IN FUND BALANCES	(6,277)	78,518	-	14,643	86,884
FUND BALANCES, BEGINNING OF YEAR	26,674	856,415	-	55,200	938,289
FUND BALANCES, END OF YEAR	\$ 20,397	\$ 934,933	\$ -	\$ 69,843	\$ 1,025,173

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2018**

ASSETS

Cash	<u>\$ 30,182</u>
TOTAL ASSETS	<u><u>\$ 30,182</u></u>

LIABILITIES

Accounts payable	\$ 8,221
Deposits	<u>21,961</u>
TOTAL LIABILITIES	<u><u>\$ 30,182</u></u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows:

Reporting Entity

The Office of the Sheriff of Santa Rosa County, Florida (the "Sheriff"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Sheriff is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), the Sheriff does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is considered part of the County's primary government.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board ("GASB") Statement No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

Fund Accounting

The accounting system of the Sheriff is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds utilized by the Sheriff's office are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination). The Sheriff reports the following major governmental funds:

General Fund is used to account for all financial resources which are generated from operations of the office, appropriations from the Board or any other resources not required to be accounted for in another fund.

Jail Commissary Fund accounts for jail commissary and vending machine revenues that are used to provide recreational facilities and equipment for inmates.

Grants Fund accounts for grant revenues and expenditures according to the terms of each grant.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Governmental Funds – Continued

Non-major governmental funds of the Sheriff are as follows:

Second Dollar accounts for shared fine revenues from the Board which are used for law enforcement training purposes.

Federal Seizure accounts for shared seizure revenues from the United States Department of Justice which are used for law enforcement purposes.

LOST accounts for the half-penny local options sales tax (LOST) made effective January 1, 2018 and is used towards capital projects.

Fiduciary Funds

The Sheriff uses agency funds to account for assets held in a custodial capacity for others.

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. The Sheriff considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

Cash and Cash Equivalents

For financial statement reporting, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Inventory

Inventory, which consists of expendable supplies held for consumption, is stated at cost using the average cost method. Inventory is recorded when consumed rather than when purchased.

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures by the acquiring fund at the time of purchase. The Sheriff does not engage in the acquisition of public domain (infrastructure) assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated acquisition value on the date donated.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Accounting for Capital Assets – Continued

Depreciation of vehicles and equipment is calculated using the straight-line method over estimated useful lives of 3-10 years.

Capital assets and related depreciation expense are reported as a component of the County's comprehensive annual financial report and are not reflected in the Sheriff's governmental fund financial statements. Buildings and improvements are owned by the Board of County Commissioners.

Compensated Absences

Employees accumulate a limited amount of earned but unused sick leave, annual leave, and compensatory time, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's comprehensive annual financial report. For the governmental fund statements, expenditures are not recognized until payments are made to employees.

Unspent Appropriations from Board

In accordance with Section 30.50 (6), Florida Statutes, excess appropriations are returned to the Board at fiscal year-end and are reported in the "due to other governmental units" liability account. Charges for services, interest income, and other miscellaneous revenues collected by the Sheriff are considered to be "agency" transactions, not available for expenditure by the Sheriff, and are remitted to the Board on a monthly basis.

Fund Balances

Fund balances are classified as either non-spendable or as restricted, committed, assigned, and unassigned, based on the extent to which there are external and internal constraints on the spending thereof.

2. CASH

The Sheriff's deposits at year-end were held by a financial institution designated as a "qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. At September 30, 2018 the reported amount of the Sheriff's deposits was \$3,430,435 and the bank balance was \$3,699,348, consisting entirely of deposits with a financial institution in checking accounts.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

3. INTERFUND BALANCES

At September 30, 2018, interfund balances consisted of the following:

Fund	Receivable	Payable
General Fund	\$ 750,244	\$ 314
Jail Commissary	-	34,048
Grants	314	403,899
Non-major governmental	-	312,297
	<u>\$ 750,558</u>	<u>\$ 750,558</u>

Amounts due to the General Fund from grants and non-major governmental funds are related to advances which will be paid back to the General Fund after taxes are collected and reimbursement is received from grantors, respectively. Amounts due to the General Fund from the Jail Commissary Fund are for various expenditures paid by the General Fund on behalf of the Jail Commissary Fund.

4. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Sheriff are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

4. PENSION AND RETIREMENT PLAN – CONTINUED

Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases.

When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2018 were as follows: regular employees – 8.01%, special risk employees – 23.58%, elected officials – 46.30%, senior management employees – 23.05%, and DROP participants – 13.45%. The Sheriff's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$3,890,234, \$3,487,545 and \$3,206,487 for the years ended September 30, 2018, 2017, and 2016, respectively.

Net Pension Liability – Proportionate Share

The Sheriff has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the County's comprehensive annual financial report and is not a current liability of the governmental funds. All required disclosures and schedules may be found in the comprehensive annual financial report of Santa Rosa County, Florida.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

5. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The Sheriff offers post-employment health care benefits (OPEB) to all retired employees and their dependents. Participating retirees are required to reimburse the Sheriff for 100% of the premium cost, which is netted against the premium payment, so that no net expenditure is initially recorded in the financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active lower cost employees. This implicit subsidy has a cost, however, this annual cost, and the total OPEB liability is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County as a whole, and not separately for the Sheriff. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

6. GRANT ASSISTANCE

The Sheriff serves as implementing agency for various grants which are reported in the Single Audit Report prepared by the Board.

7. RISK MANAGEMENT

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment
- Workers Compensation

The County is covered by outside insurance for the following exposures:

- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible
- Building Contents, \$5,000 deductible

Conventional insurance provided by the Florida Sheriff's Risk Management Fund remains in effect for Sheriff's general and professional liability, Sheriff's automobiles, and Sheriff's medical catastrophic insurance for treatment of prisoners. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

7. RISK MANAGEMENT – CONTINUED

Worker's compensation coverage is provided by the Florida Sheriff's Worker's Compensation Self Insurance Fund. Annual premium costs under this coverage were \$677,038 and \$496,595, for the years ended September 30, 2018 and 2017, respectively. Coverage limits under the policy include \$1,000,000 bodily injury for each accident and \$1,000,000 bodily injury by disease for each employee with a \$1,000,000 limit.

8. FUND BALANCES

Fund balances are classified as follows:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Other fund balance amounts are classified depending on the Sheriff's ability to control the spending of the fund balances as follows:

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, and other governments (via laws and regulations), or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can only be used for specific purposes imposed internally by the Sheriff's formal action of highest level of decision-making authority. At year-end, the Sheriff had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. At year-end, the Sheriff had no assigned fund balances.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. At year-end, the Sheriff had no unassigned fund balances because all unspent Board appropriations of the General Fund are required to be remitted to the Board and there were no negative residual balances in the special revenue funds.

9. CLAIMS AND CONTINGENCIES

The Sheriff is involved from time to time in routine civil litigation incidental to the ordinary course of operations. In the opinion of management and legal counsel, there are no lawsuits or claims outstanding, which might materially affect the financial position of the Sheriff's Office.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
General government				
Judicial				
Personal services	1,154,919	1,154,919	1,137,790	17,129
Operating	32,200	32,200	22,699	9,501
Public safety				
Law enforcement				
Personal services	20,312,918	20,312,918	19,672,321	640,597
Operating	4,244,521	4,244,521	4,155,260	89,261
Capital outlay	344,027	344,027	764,972	(420,945)
Correction and detention				
Personal services	8,664,154	8,837,389	8,532,776	304,613
Operating	5,826,340	5,989,057	5,772,511	216,546
Total expenditures	<u>40,579,079</u>	<u>40,915,031</u>	<u>40,058,329</u>	<u>856,702</u>
Excess (deficiency) of revenues over expenditures	(40,579,079)	(40,915,031)	(40,058,329)	856,702
OTHER FINANCING SOURCES (USES)				
BOCC appropriation	40,579,079	40,915,031	40,915,031	-
BOCC unspent funds	-	-	(862,979)	(862,979)
Total other financing sources (uses)	<u>40,579,079</u>	<u>40,915,031</u>	<u>40,052,052</u>	<u>(862,979)</u>
NET CHANGE IN FUND BALANCE	-	-	(6,277)	(6,277)
FUND BALANCE, BEGINNING OF YEAR	-	-	26,674	26,674
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,397</u>	<u>\$ 20,397</u>

See notes to required supplementary information.

**SANTA ROSA COUNTY, FLORIDA SHERIFF
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

BUDGETS AND BUDGETARY ACCOUNTING

The Sheriff operates under budget procedures pursuant to Chapters 30 and 129, Florida Statutes. The General Fund's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Sheriff is not legally required to prepare a budget for the other governmental funds; therefore, comparative budget and actual results are not presented for these funds. The legal level of budgetary control is the fund level.

**SUPPLEMENTARY INFORMATION – COMBINING FUND
FINANCIAL STATEMENTS**

**SANTA ROSA COUNTY, FLORIDA SHERIFF
COMBINING BALANCE SHEET – ALL NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	LOST Fund	Second Dollar Fund	Federal Seizure Fund	Totals
ASSETS				
Cash	\$ 230,314	\$ 69,843	\$ 86,352	\$ 386,509
Due from other governmental units	81,983	-	-	81,983
Total assets	<u>\$ 312,297</u>	<u>\$ 69,843</u>	<u>\$ 86,352</u>	<u>\$ 468,492</u>
LIABILITIES				
Due to other funds	\$ 312,297	\$ -	\$ -	\$ 312,297
Unearned revenue	-	-	86,352	86,352
Total liabilities	312,297	-	86,352	398,649
FUND BALANCES				
Restricted for law enforcement training	-	69,843	-	69,843
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 312,297</u>	<u>\$ 69,843</u>	<u>\$ 86,352</u>	<u>\$ 468,492</u>

**SANTA ROSA COUNTY, FLORIDA SHERIFF
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – ALL NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>LOST Fund</u>	<u>Second Dollar Fund</u>	<u>Federal Seizure Fund</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 2,688,604	\$ -	\$ -	\$ 2,688,604
Intergovernmental	-	26,518	7,044	33,562
TOTAL REVENUES	<u>2,688,604</u>	<u>26,518</u>	<u>7,044</u>	<u>2,722,166</u>
EXPENDITURES				
Current				
Public safety				
Law enforcement				
Operating	-	11,875	52	11,927
Capital outlay	2,688,604	-	6,992	2,695,596
Total Expenditures	<u>2,688,604</u>	<u>11,875</u>	<u>7,044</u>	<u>2,707,523</u>
NET CHANGES IN FUND BALANCE	-	14,643	-	14,643
FUND BALANCES, BEGINNING OF YEAR	-	55,200	-	55,200
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 69,843</u>	<u>\$ -</u>	<u>\$ 69,843</u>

**SANTA ROSA COUNTY, FLORIDA SHERIFF
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
SEPTEMBER 30, 2018**

	<u>Suspense Fund</u>	<u>Seizure Fund</u>	<u>Flower Fund</u>	<u>Totals</u>
ASSETS				
Cash	\$ 8,221	\$ 4,529	\$ 17,432	\$ 30,182
TOTAL ASSETS	<u>\$ 8,221</u>	<u>\$ 4,529</u>	<u>\$ 17,432</u>	<u>\$ 30,182</u>
LIABILITIES				
Accounts payable	\$ 8,221	\$ -	\$ -	\$ 8,221
Deposits	-	4,529	17,432	21,961
TOTAL LIABILITIES	<u>\$ 8,221</u>	<u>\$ 4,529</u>	<u>\$ 17,432</u>	<u>\$ 30,182</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Robert Johnson, Sheriff
Santa Rosa County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Sheriff's financial statements and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida
February 12, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Robert Johnson, Sheriff
Santa Rosa County, Florida

We have examined the Office of the Sheriff of Santa Rosa County, Florida's (hereinafter referred to as "Sheriff") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2018.

Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

Pensacola, Florida
February 12, 2019

MANAGEMENT LETTER

Honorable Robert Johnson, Sheriff
Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Santa Rosa County, Florida (hereinafter referred to as "Sheriff"), as of and for the year ended September 30, 2018 and the related notes to the financial statements, and have issued our report thereon dated February 12, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 Rules of the Florida Auditor General.

Other Reporting Requirements

We have also issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial report.

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554 (1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Sheriff, and the Santa Rosa County Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
February 12, 2019

**SANTA ROSA COUNTY, FLORIDA SHERIFF
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
SEPTEMBER 30, 2018**

There were no comments which require management's written response.

**SANTA ROSA COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**SANTA ROSA COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
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INDEPENDENT AUDITORS' REPORT

Honorable Tappie Villane
Supervisor of Elections of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Santa Rosa County, Florida Supervisor of Elections, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Supervisor of Elections, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of that portion of the general fund attributable solely to the operations of the Supervisor of Elections. They do not purport to and do not present fairly the financial position of Santa Rosa County, Florida, as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading "*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*" The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida

March 14, 2019

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Due from Board of County Commissioners	<u>\$ 233,759</u>
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LIABILITIES

Accounts payable	\$ 9,417
Accrued expenses	30,368
Advances on grants	<u>193,974</u>
Total liabilities	233,759

FUND BALANCE

Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 233,759</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

Grant revenue	\$ 45,776
Miscellaneous revenue	<u>15,228</u>
Total revenues	61,004

EXPENDITURES

Current:

General government:

Personal services	590,240
Operating	426,065
Capital outlay	<u>9,955</u>

Total expenditures	<u>1,026,260</u>
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Excess (deficiency) of revenues over expenditures	(965,256)
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OTHER FINANCING SOURCES

Board of County Commissioners appropriation	<u>965,256</u>
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NET CHANGE IN FUND BALANCE

-

FUND BALANCE, BEGINNING OF YEAR

-

FUND BALANCE, END OF YEAR

<u><u>\$ -</u></u>

See notes to the financial statements.

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Santa Rosa County, Florida Supervisor of Elections (the "Supervisor of Elections"), as established by Article VIII of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Supervisor of Elections is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections is reported as a part of the primary government of the County.

These financial statements are not intended to be a complete presentation of the financial position and results of operations of the County, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consists of only the *fund level* financial statements, as defined in Government Accounting Standards Board (GASB) Statement No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor of Elections.

Pursuant to the provisions of 129.202, Florida Statutes, the Supervisor of Elections has elected to have the Office of the Clerk of Court and Comptroller of Santa Rosa County maintain the books and records pertaining to the operations of the Supervisor of Elections. Therefore, the Supervisor of Elections does not maintain a separate cash account and all cash activity for the Supervisor of Elections is recorded in the common cash account of the Board. The "Due from Board of County Commissioners" account on the balance sheet represents the amount of cash held on behalf of the Supervisor of Elections.

Fund Accounting

The accounting system of the Supervisor of Elections is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The general fund of the Supervisor of Elections is used to account for all financial resources, which are generated from operations of the office, appropriations from the Board, or any other resources not required to be accounted for in another fund.

This fund utilizes a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statement. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. The Supervisor of Elections considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred.

Accounting for Capital Assets

Capital assets (vehicles, equipment, and other tangible and certain intangible property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures in the fund level financial statements at the time of purchase. These assets are also capitalized at cost and accounted for in the County's comprehensive annual financial report.

Compensated Absences

Employees accumulate a limited amount of earned, but unused sick and annual leave, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the County's comprehensive annual financial report. For the governmental fund statements, expenditures are recognized when payments are made to employees.

Subsequent Events

The Supervisor of Elections has evaluated events and transactions that occurred between September 30, 2018 and March 14, 2019, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

2. PENSION AND RETIREMENT PLAN

Substantially, all full-time employees of the Supervisor of Elections are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

2. PENSION AND RETIREMENT PLAN – CONTINUED

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011, are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan, which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with six or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with eight or more years of service or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation, and years-of-service credit, where average compensation is computed as the average of the members highest five (if enrolled prior to July 1, 2011) or eight (if enrolled on or after July 1, 2011) fiscal years of earnings.

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after one year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts, and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to five years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

2. PENSION AND RETIREMENT PLAN – CONTINUED

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2018, were as follows: regular employees, 8.01%; special risk employees, 23.58%; elected officials, 46.30%; senior management employees, 23.05%; and DROP participants, 13.45%.

The Supervisor of Elections contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$80,715, \$73,239 and \$62,485 for the years ended September 30, 2018, 2017, and 2016, respectively.

Net Pension Liability - Proportionate Share

The Supervisor of Elections has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the county's comprehensive annual financial report of Santa Rosa County, Florida.

3. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Board offers post-employment health care benefits (OPEB) to all retired employees of the Supervisor of Election's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate, which includes active, lower cost employees. This implicit subsidy has a cost; however, this annual cost and the total OPEB liability is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County, as a whole, and not separately for the Supervisor of Election's Office. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

4. RISK MANAGEMENT

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board uses a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Buildings and contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and their contents. There also were no significant reductions in insurance coverage from the prior year, and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Supervisor of Elections participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grant revenues	\$ 66,500	\$ 241,501	\$ 45,776	\$ (195,725)
Miscellaneous revenues	-	-	15,228	15,228
Total revenues	66,500	241,501	61,004	(180,497)
EXPENDITURES				
Current				
General government				
Personal services	595,970	592,240	590,240	2,000
Operating	564,650	728,931	426,065	302,866
Capital outlay	-	17,500	9,955	7,545
Total expenditures	1,160,620	1,338,671	1,026,260	312,411
Excess (deficiency) of revenues over expenditures	(1,094,120)	(1,097,170)	(965,256)	131,914
OTHER FINANCING SOURCES				
Board of County Commissioners appropriation	1,094,120	1,097,170	965,256	(131,914)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Budgets and Budgetary Accounting

The Supervisor of Elections operates under budget procedures pursuant to Florida Statutes. The Supervisor of Elections' budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget appropriations lapse at the end of the year and are not carried over to the following year. The legal level of budgetary control is at the fund level.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Tappie Villane
Supervisor of Elections of Santa Rosa County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as "Supervisor of Elections"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Pensacola, Florida
March 14, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Tappie Villane
Supervisor of Elections of Santa Rosa County, Florida

We have examined the Office of the Supervisor of Elections of Santa Rosa County, Florida's (hereinafter referred to as the "Supervisor of Elections") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2018.

Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Supervisor of Elections' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

Pensacola, Florida
March 14, 2019

MANAGEMENT LETTER

Honorable Tappie Villane
Supervisor of Elections of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund of the Office of the Supervisor of Elections of Santa Rosa County, Florida (hereinafter referred to as the "Supervisor of Elections"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 14, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

Financial Management

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements or abuse that have occurred or are likely to have occurred that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, Santa Rosa County Board of County Commissioners, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

Pensacola, Florida
March 14, 2019

**SANTA ROSA COUNTY, FLORIDA SUPERVISOR OF ELECTIONS
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

There are no comments which require management's written response.

**SANTA ROSA COUNTY, FLORIDA
TAX COLLECTOR**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**SANTA ROSA COUNTY, FLORIDA
TAX COLLECTOR
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SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements (hereinafter referred to as "financial statements") of the general fund and the tax fund of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tax Collector's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and tax fund of the Tax Collector, as of September 30, 2018, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position of the general fund and tax fund and changes in financial position of the general fund of Santa Rosa County that are attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Santa Rosa County as of September 30, 2018, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading "*Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*" The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Warren Averett, LLC

January 18, 2019
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 768,753
Total assets	<u>\$ 768,753</u>

LIABILITIES

Accounts payable	\$ 4,827
Accrued payroll, taxes and benefits	86,997
Unearned revenues	80,622
Due to other governmental units	<u>596,307</u>
Total liabilities	<u>768,753</u>

FUND BALANCE

Fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ 768,753</u>

See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

Charges for services	\$ 4,298,434
Miscellaneous	<u>3,965</u>
Total revenues	4,302,399

EXPENDITURES

Current:

General government:

Personal services	2,984,624
Operating	713,443
Capital outlay	<u>21,225</u>

Total expenditures	<u>3,719,292</u>
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Excess of revenues over expenditures	583,107
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OTHER FINANCING SOURCES (USES)

Unspent revenues	<u>(583,107)</u>
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Total other financing sources (uses)	<u>(583,107)</u>
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Net change in fund balance	-
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FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
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FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUND –TAX FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 1,259,922
Miscellaneous receivables	156,844
Due from other governmental units	<u>17,939</u>
Total assets	1,434,705

LIABILITIES

Accounts payable	16,000
Due to other governmental units	1,387,834
Miscellaneous liabilities	<u>30,871</u>
Total liabilities	<u>1,434,705</u>

NET POSITION

Net position	<u><u>\$ -</u></u>
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See notes to the financial statements.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

Reporting Entity

The Office of the Tax Collector of Santa Rosa County, Florida (the "Tax Collector"), as established by Article VIII, Section 1(d), of the Constitution of the State of Florida, is an elected official of Santa Rosa County, Florida (the "County"). Although the Tax Collector is operationally autonomous from the Santa Rosa County Board of County Commissioners (the "Board"), it does not hold sufficient corporate powers to be considered a legally separate entity for financial reporting purposes. Therefore, the Tax Collector is considered part of County's primary government for external financial reporting purposes.

These financial statements of the Tax Collector are not intended to be a complete presentation of the financial position and results of operations of the County taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the financial statements consist of only the fund level financial statements as defined in Governmental Accounting Standards Board ("GASB") Statement No. 34, and do not include presentations of government-wide financial statements of the Tax Collector.

Fund Accounting

The accounting system of the Tax Collector is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The funds utilized by the Tax Collector are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination).

General Fund – The general fund of the Tax Collector is used to account for all financial resources which are generated from operations of the office and any other resources not required to be accounted for in another fund.

Fiduciary Fund – The Tax Collector's sole fiduciary fund is an agency fund (the "Tax Fund"). Agency funds are used to account for assets held in a custodial capacity for others. Assets equal liabilities in agency funds and results of operations are not measured. The Tax Fund is used primarily to account for receipts of various types of taxes, licenses, and fees collected on behalf of state, county, and municipal governmental agencies.

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become both measurable and available as net current assets. The Tax Collector considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recognized when the related fund liability is incurred. Agency funds use the accrual basis of accounting.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Accounting for Capital Assets

Capital assets are recorded as expenditures at the time of purchase by the Tax Collector. These assets (vehicles, equipment, and other tangible property and certain intangible property costing at least \$1,000 with a useful life of more than one year) are capitalized at cost and accounted for in the County's government-wide financial statements.

Compensated Absences

Employees accumulate a limited amount of earned but unused annual and sick leave which will be paid upon separation from service. Compensated absence expenditures are not recognized in the General Fund until payments are made to employees. However, these unpaid compensated absences are recorded as a liability when the benefits are earned in the County's government-wide financial statements.

Unspent Revenue and Fund Balance

In accordance with Section 218.36, Florida Statutes, unspent revenue is remitted proportionately to the various taxing districts at fiscal year-end. As a result, no fund balance exists at year end in the General Fund.

2. CASH AND INVESTMENTS

At September 30, 2018, the bank reported deposits before outstanding checks and deposits of \$2,001,164 all of which was held by a financial institution designated as a "qualified public depository" by the State Treasurer.

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

2. CASH AND INVESTMENTS – CONTINUED

All deposits were fully insured through a combination of Federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, the Tax Collector does not believe it is exposed to any significant credit risk on its cash balances.

Florida Statutes authorize the Tax Collector to invest in obligations of the U.S. Treasury and interest bearing time deposits or savings accounts in banks participating in the multiple financial institution collateral pool. The Tax Collector does not have any assets of an investment nature as of September 30, 2018.

3. PENSION AND RETIREMENT PLAN

Substantially all full-time employees of the Tax Collector are covered by the Florida Retirement System (FRS). The FRS was established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Changes to the FRS can be made only by an act of the Florida Legislature. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. The FRS issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.myfrs.com or by writing to FRS, 2639-C North Monroe Street, Tallahassee, Florida 32399.

The FRS offers two retirement plans – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. Both plans, effective July 1, 2011 are funded monthly by a combination of employer and employee contributions.

The FRS Pension Plan is a multiple employer cost sharing defined benefit plan which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. For employees who were enrolled in the plan prior to July 1, 2011, normal retirement benefits are available at age 62 with 6 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age.

Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For employees enrolling in the plan for the first time on or after July 1, 2011, normal retirement benefits are available at age 65 with 8 or more years of service, or to those employees who have at least 33 years of creditable service, regardless of age. Early retirement is available after 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement age and years of service requirements also vary depending on membership class. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of the members highest 5 (if enrolled prior to July 1, 2011) or 8 (if enrolled on or after July 1, 2011) fiscal years of earnings.

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

3. PENSION AND RETIREMENT PLAN – CONTINUED

The FRS Investment Plan is a defined contribution plan funded monthly by employer and employee contributions based on salary and membership class. Employer contributions vest after 1 year of service whereas employee contributions vest immediately. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the vested funds are portable upon termination. The final retirement benefit is equal to the vested contributions plus investment earnings less expenses and losses allocated to the member's account. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

DROP is available for members of the FRS Pension Plan who are vested and elect to participate in DROP within 1 year after reaching normal retirement age. Under this program, a member effectively retires while continuing to be employed for up to 5 years. While in DROP, the member's deferred monthly retirement benefits accumulate, earning interest and cost-of-living increases. When the DROP period is over, the participant terminates covered employment and begins receiving their predetermined monthly retirement benefit, as well as the accrued DROP benefit. Disability retirees are not eligible to participate in DROP, and DROP participants do not qualify for disability retirement.

Prior to July 2011, the plans were noncontributory for employees with all contributions being the participating FRS employer's responsibility. Effective July 1, 2011, participating employees contribute 3% of their gross salaries each pay period to the plan. Participating employer contributions are based upon state-wide rates established by the State of Florida. Average contribution rates for the fiscal year ended September 30, 2018 were as follows: regular employees, 8.01%, special risk employees, 23.58%, elected officials, 46.30%, senior management employees, 23.05%, and DROP participants, 13.45%. The Tax Collector's contributions to the Pension Plan, funded on a pay-as-you-go basis, were equal to the actuarially determined contributions for each year. Contributions to the Investment Plan were equal to the legislatively-mandated contribution rates. Contributions to both plans totaled \$215,015, \$196,231, and \$184,136 for the years ended September 30, 2018, 2017, and 2016, respectively.

Net Pension Liability-Proportionate Share

The Tax Collector has a net FRS pension liability determined in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This long-term liability is only reported in the county-wide financial statements and is not a current liability of the General Fund. All required disclosures and schedules may be found in the comprehensive annual financial report of Santa Rosa County, Florida.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

4. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The Board offers post-employment health care benefits (OPEB) to all retired employees of the Tax Collector's Office and their dependents. Participating retirees are required to reimburse the Board for 100% of the premium cost, which is netted against the premium payment, so that no net expense is initially recorded in the Board's financial statements. However, these retirees are receiving an "implicit subsidy" because the premium is a group rate which includes active, lower cost employees. This implicit subsidy has a cost, however, this annual cost, and the total OPEB liability is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The total OPEB liability and other required disclosures have been calculated for the County as a whole, and not separately for the Tax Collector's Office. Accordingly, these calculations and disclosures can be found in the County's comprehensive annual financial report.

5. LEASES

The Tax Collector leases certain office space and equipment under operating lease agreements with expiration dates through February 2021. Future minimum rental commitments under these leases are as follows:

Fiscal year end September 30:

2019	\$ 28,800
2020	28,800
2021	<u>12,000</u>
Total minimum future rental payments	<u><u>\$ 69,600</u></u>

Total lease payments for the year ended September 30, 2018 were \$28,800.

6. RISK MANAGEMENT

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

6. RISK MANAGEMENT – CONTINUED

Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Auto Physical Damage
- Auto Liability
- Construction and Road Equipment
- Portable Communication Equipment

The County is covered by outside insurance for the following exposures:

- Buildings and Contents, \$5,000 deductible
- Boats
- Employee Fidelity
- General Liability, \$25,000 deductible
- Public Officials' Liability, \$25,000 deductible

Conventional insurance remains in effect for buildings and their contents. There also were no significant reductions in insurance coverage from the prior year and settled claims resulting from conventional insurance risks have not exceeded coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public officials' liability coverage. The Tax Collector participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

7. LITIGATION

The Tax Collector is contingently liable with respect to lawsuits and other claims which might be filed incidental to the ordinary course of operations. In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which will have a material adverse effect on the financial position of the Tax Collector's Office.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL –
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 4,305,327	\$ 4,305,327	\$ 4,298,434	\$ (6,893)
Miscellaneous	47,500	47,500	3,965	(43,535)
Total revenues	4,352,827	4,352,827	4,302,399	(50,428)
EXPENDITURES				
Current:				
General government:				
Personal services	3,103,751	3,057,409	2,984,624	72,785
Operating	678,671	724,489	713,443	11,046
Capital outlay	20,703	21,227	21,225	2
Total expenditures	3,803,125	3,803,125	3,719,292	83,833
Excess of revenues over expenditures	549,702	549,702	583,107	33,405
OTHER FINANCING SOURCES (USES)				
Unspent revenues	(549,702)	(549,702)	(583,107)	(33,405)
Total other financing sources (uses)	(549,702)	(549,702)	(583,107)	(33,405)
Net change in fund balance	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

See notes to the required supplementary information.

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

Budgets and Budgetary Accounting

The Tax Collector establishes an annual budget pursuant to Section 195.087, Florida Statutes. The budget is submitted to the Florida Department of Revenue for approval. A copy is provided to the Board and is incorporated into the overall county budget. The Tax Collector's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the general fund and the tax fund of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

January 18, 2019
Pensacola, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF COMPLIANCE
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

We have examined the Office of the Tax Collector of Santa Rosa County, Florida's (hereinafter referred to as "Tax Collector") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2018.

Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Warren Averett, LLC

January 18, 2019
Pensacola, Florida

MANAGEMENT LETTER

Honorable Stan Colie Nichols
Tax Collector of Santa Rosa County, Florida

Report on the Financial Statements

We have audited the financial statements of the general fund and the tax fund of the Office of the Tax Collector of Santa Rosa County, Florida (hereinafter referred to as "Tax Collector"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports which are dated January 18, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554 (1) (i) 1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. No recommendations were made in the preceding annual financial audit report.

Financial Management

Section 10.554(1)(i)2., Financial Management, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Warren Averett, LLC

January 18, 2019
Pensacola, Florida

**SANTA ROSA COUNTY, FLORIDA TAX COLLECTOR
MANAGEMENT'S RESPONSE TO MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

There were no comments which require management's written response.